Well-positioned for future success

Annual Report and Consolidated Financial Statements 2024

Focused growth

We are a large-scale variety discount retailer operating across Europe. We are committed to offering our shoppers – and especially families on a budget – everything they need to replenish and enhance their home across key apparel, general merchandise and FMCG categories.

For more on Pepco Group, visit our website: www.pepcogroup.eu

Highlights

Revenue
€6,167m

FY24 6,167
FY23 5,596

Like-for-like sales
-3.2%

FY24 -3.2
FY23 6.0

Net new stores[1]
392

FY24 392
FY23 648

Gross margin
43.9%

FY24 43.9
FY23 40.0

Underlying (IFRS16) EBITDA[2]
€944m

FY24 944
FY23 754

Underlying (pre-IFRS16) EBITDA[3]
€515m

FY24 515
FY23 402

Underlying profit after tax[4]
€179m

FY24 179
FY23 157

Reported (loss) / profit after tax[5]
-€662m

FY24 (662)
FY23 108

Underlying earnings/share[6]
31.1c

FY24 31.1
FY23 27.2

Free cash flow[7]
€168m

FY24 168
FY23 (106)

Net debt (pre-IFRS16)[8]
€256m

FY24 256
FY23 411

ROIC[9]
22%

FY24 22
FY23 17

New ESG goals
We are launching our new 2030 ESG Strategy

Planet	People	Product
Carbon emission	Employee engagement	Responsibly sourced materials
Packaging and waste reduction	Diversity	
	Ethical sourcing	

Further information on our new 2030 ESG strategy can be found on page 34

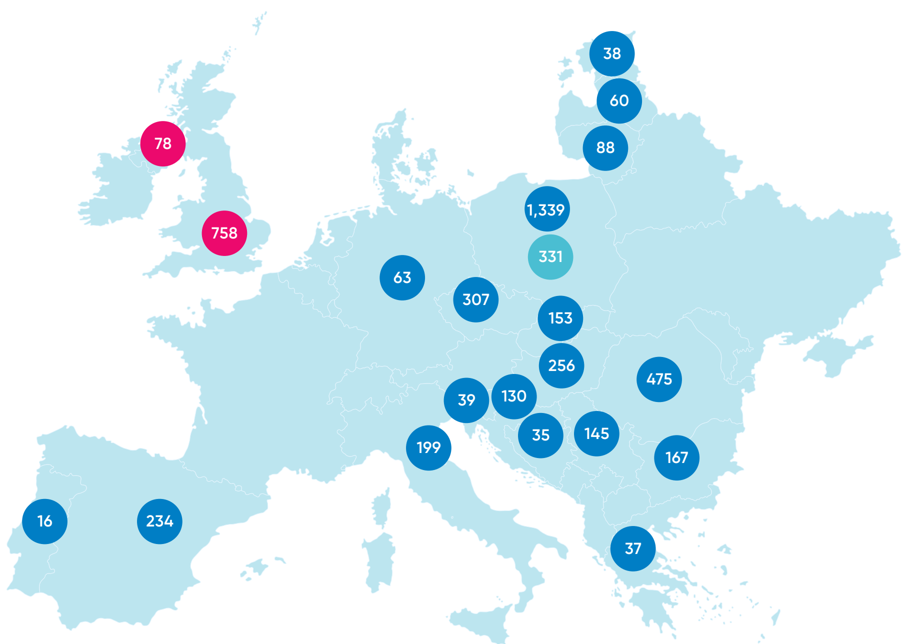
1 Net new stores is an Alternative Performance Measure (APM), defined as the number of stores opened during the period less stores closed during the period.
2 Underlying (IFRS16) EBITDA is an APM, defined as profit on ordinary activities before depreciation, amortisation, rent, net finance costs and taxation. A reconciliation of underlying EBITDA to statutory measures is presented on note 27 in the financial statements.
3 Underlying (pre-IFRS16) EBITDA is an APM, defined as profit on ordinary activities before depreciation, amortisation, net finance costs and taxation. A reconciliation of underlying EBITDA to statutory measures is presented on note 27 in the financial statements.
4 Underlying profit after tax is an APM, defined as profit on ordinary activities after tax adjusted for non-underlying items. A reconciliation of underlying PAT to statutory measures is presented on note 30 in the financial statements.
5 The reported loss in FY24 is significantly impacted by impairments recognised in the year as shown in the consolidated income statement.
6 Underlying EPS is defined as basic earnings per share based on underlying profit after tax from continuing operations. A reconciliation to reported EPS is shown in note 30.
7 Free cash flow is an APM, defined as operating cash flow on a pre-IFRS 16 basis less non-underlying items and capex. See note 27 for further details.
8 Net debt (pre-IFRS16) is an APM, defined as the Group's pre-IFRS 16, long-term borrowings, net of cash and bank balances as at 30 September 2024.
9 ROIC is an APM, defined as NOPAT/IC, where IC (invested capital) = PP&E + intangibles (excl. goodwill) + NWC (current assets – current liabilities excluding IFRS 16 lease liabilities) and NOPAT = net underlying operating profit after tax.
10 Pepco Austria is classified as a discontinued operation following the Group's exit of Austria. All numbers above (including comparators) exclude Pepco Austria.

➤ **See note 27 for definitions and reconciliations of APMs**

A leader in discount retailing

We are a leading pan-European variety discount retailer, operating a network of 4,948 stores across 20 countries under the Pepco, Poundland and Dealz brands, proudly serving over 61 million shoppers each month.

Our locations

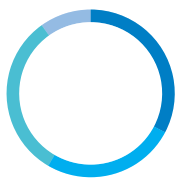


Pepco Poundland Dealz

* Dealz and Pepco stores in Ireland are reported under the Poundland segment

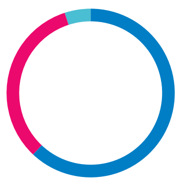
Revenue

By Region



UK&I	32%
Poland	26%
Rest of CEE	32%
Rest of WE	10%

By Brand



Pepco	62%
Poundland	33%
Dealz	5%

Stores	Customers (per month)	Employees	Operating countries
4,948	61.1m	47,760	20

Our businesses

Pepco

Pepco operates over 3,700 stores in 18 countries, and is widely recognised as one of CEE's strongest retail brands. Pepco serves millions of customers a month, offering clothing for the whole family, and household goods at the lowest prices.

Poundland

Poundland has a network of over 830 stores in the UK and the Republic of Ireland (where it operates under the Dealz format). Poundland offers customers amazing value through a range of branded quality everyday essentials.

Dealz

Dealz operates 331 locations in towns and cities across Poland. Dealz offers over 3,000 FMCG products in 18 categories at the lowest prices.

PGS

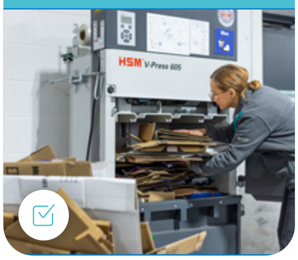
PGS provides direct product sourcing, product development and technical services to our Pepco, Poundland and Dealz brands. PGS is a real point of difference as we bring value to customers using our vertically integrated supply operation.

Our strategic objectives

Optimising and expanding our store network

Enhancing the customer offer

Driving cost and operational efficiency



Delivering stronger cash generation through disciplined investment

Read about our Strategy on pages 12 to 19

Why invest?

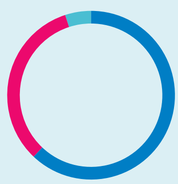
Unique proposition
A unique differentiated clothing and general merchandise (GM) offering supported by exclusive in-house sourcing office, PGS, that enhances supply chain efficiencies and accelerates speed to market.

Growing discount market
Well-positioned in the growing discount retail sector, the Group is focused on achieving profitable growth, strengthening its price leadership position, and continually enhancing its value proposition for price-conscious consumers.

Strong brand equity
Well-established brands with a strong market share in core markets, underpinned by a loyal and growing customer base that values affordability, quality, and convenience.

Robust financials
With a strong balance sheet, the Group is adopting a highly disciplined approach to capital expenditure, positioning itself for healthy free cash flow generation. Profitability is a core focus, supported by expanding gross margins.

Number of stores



Pepco	3,781
Poundland	836
Dealz	331

Focus on measured growth

Andy Bond
Non-Executive Chair

> I am proud of the progress we have made over the last twelve months, but there remains more to achieve."

Resetting the business

My mission at the start of the 2024 financial year was to go back to the Group's roots of what made our business a success in the first place. I am proud of the progress we have made over the last 12 months. We have delivered record revenues and EBITDA across the Group, with a strong recovery in gross margin of over 300 basis points.

Pepco had fallen into a trap of seeking growth for growth's sake, opening an ever-increasing number of new stores without a clear portfolio strategy, and expanding into areas that were non-core to the business. On assuming the role of Executive Chair in September 2023, I re-focused the business around "doing less, to achieve more" – a phrase that I have continued to remind my team of over the last year. I am particularly pleased of the turnaround in Pepco store profitability in its core Central and Eastern Europe (CEE) markets, which is now delivering profit per store ahead of pre Covid-19 levels.

We have reviewed all underperforming areas of the business, including exiting the unprofitable Austrian market, and stopped non-core activities. We introduced greater rigour and analysis across all investment decisions, with a strict hurdle rate of return for all spend. This has resulted in slowing growth in Western Europe while we assess expected returns, and pausing our three-category Pepco 'Plus' format of stores, which sold FMCG, alongside our core categories of clothing and general merchandise. Early on in the financial year, we also paused our new look store renewal programme that was scheduled to continue across all CEE stores.

Instead, we have doubled down on the opportunity in our CEE markets, which are those we know best and where we generate the highest returns. New store growth will continue to be targeted within the CEE over the next financial year, with ample white space opportunity within the region to grow the business further over the medium term.

Following the appointment of new Chief Executive Officer Stephan Borchert, I reverted back to the role of Non-Executive Chairman from 1 October 2024. I have always had confidence in the underlying strength of this business. Now, with Stephan at the helm, I believe we have the right person in place to address the challenges we face and to continue to deliver profitable growth.

Strong financial results in the face of challenges

The Group reported record revenues in FY24 which exceeded €6 billion for the first time, growing by 10% over the prior year. In addition, Group EBITDA increased by 25% to €944m, driven by a strong Pepco performance where EBITDA was up by 42% as a result of store expansion and a strong recovery in gross margin within Pepco. This in turn contributed to a Group-level gross margin of 43.9%, representing a 390 basis point improvement year-on-year.

Despite the strong financial results, like-for-like (LFL) revenues were lower than last year across all of our brands. Group LFL declined by 3.2% overall in FY24. Pepco was impacted by a combination of supply chain disruption, affecting the consistent and timely availability of stock, as well as working its way through excess older stock from previous seasons that was gradually reduced over the year through markdown. Trading in Poundland and Dealz was negatively affected as the ranges transitioned to Pepco-sourced clothing and general merchandise. For Poundland, in particular, we misread the scale of challenge in getting our customers to understand and embrace Pepco ranges. We also made several planning and execution mistakes which has resulted in a significant decline in Poundland's profitability for FY24. While we expect initiatives to improve our supply chain, and have made changes to remediate the shortcomings of Pepco-sourced product during the year, it is likely to take time for Poundland and Dealz customers to recognise improvements.

Despite the challenging environment, the Group's financial position has improved significantly during the year with a stronger balance sheet as we generated stronger free cash flow, which improved by €274 million year-on-year. The Company has access to over €500 million in liquidity (from cash and credit facilities). This strong financial foundation, alongside strong brand equity and leading market share in our core CEE markets, with a proven profitable store model, gives us confidence in the opportunity to continue building Europe's leading variety discount retailer.

Valuing our people

I was honoured to step into the role of Executive Chair, at the request of the Board, 12 months ago until a successor for CEO was appointed. During this period, I have been incredibly impressed by the resilience of our team as we've navigated a period of uncertainty, while resetting our short-term strategy to focus on measured profitable growth and cash generation. We have seen the fruits of this hard work in the strong financial results delivered in FY24, and much of this is down to the adaptability and energy with which our team has approached these challenges.

I want to take the opportunity to thank all 47,760 colleagues across our 20 operating countries, who continue to put the customer at the heart of everything they do, every day. This result would not have been achieved had it not been for their ongoing dedication to the business.

Evolving our Board and management

I am delighted that Stephan Borchert joined the Group as Chief Executive Officer in July 2024. Stephan brings a wealth of experience and a results-driven track record in retail and international business operations. Stephan served from 2018 to 2022 as CEO of GrandVision, the global leader in optical retail operating more than 7,400 stores in over 40 countries worldwide. Prior to that, Stephan was President of Sephora EMEA on the Global Executive Committee. I look forward to working closely with Stephan as we deliver our renewed strategy to improve profitability and cash generation in our core established business.

During the period, there were a few changes to the Board. Pierre Bouchut stepped down in his role as Independent Non-Executive Director and Audit Committee Chair at the AGM in March 2024. The Board thanks Pierre for his service and commitment to the Company over the last three years. Frederick Arnold was appointed to the Board as an independent Non-Executive Director in June 2024, as Audit Committee Chair. Frederick is an experienced senior financial executive who has extensive experience serving as board chair, audit committee chair and chair of a variety of other special committees across numerous public and private UK and US companies.

In addition, Sean Mahoney joined the Board as a Non-Executive Director in March 2024, proposed by our majority shareholder. Sean is part of the Board's Audit and Nomination Committees. Sean has extensive experience serving as a board director for large public and private companies across Europe and the US. With his proven track record in investment banking and as a non-executive director, Sean's significant experience of business and financial strategy, capital markets and financing has made him a strong addition to our Board.

Looking forward

I am increasingly optimistic about the prospects for the Group. We started the year with a number of objectives which included rebuilding profitability in our core CEE markets, gross margin recovery, adopting a more disciplined approach to investment with more targeted growth and delivering stronger cash generation.

We have delivered on these objectives, but there remains more to achieve. Our core focus in the year ahead will be to strengthen LFL revenues, which I am confident will improve as the business overcomes inventory and supply chain challenges. We will also continue to concentrate on expanding our price leadership position and enhancing the core customer proposition. With these foundations, as well as a focus on disciplined capital expenditure to drive free cash generation, we expect to deliver further strategic progress in FY25.

Andy Bond
Non-Executive Chair

Significant opportunity ahead

Stephan Borchert
Group CEO

> The ambition to be one of Europe's leading discount variety retailers remains intact."

It is an honour to be writing to you as Pepco Group's new Chief Executive Officer.

Pepco Group has a strong reputation for delivering outstanding value, range and convenience for our customers. The Pepco brand itself sits uniquely amongst other discount retailers, offering customers a breadth of items across the clothing and general merchandise categories at affordable prices, while also ensuring high-quality standards.

Harnessing opportunities

Since joining the business in July 2024, I have been exploring the various pockets of opportunity that lie in front of us. Pepco is firmly entrenched in its core Central and Eastern European (CEE) markets, with a loyal customer base who regularly visit our stores. We will continue to grow our strong and profitable market position in the CEE region, while defining an expansion strategy for key markets in Western Europe that benefit from a supportive macro economic backdrop.

Whilst the business has faced challenges over recent years, I have been impressed by the energy and willingness of the team to overcome any setbacks and drive the business forward. 47,760 colleagues contribute every day to elevate the customer experience through their commitment and passion in each of our 4,948 stores that operate across 20 markets.

Foundation for growth

Under Andy Bond's leadership over the last year, the business has laid solid foundations for long term success by re-focusing on driving profitable growth through disciplined investment.

Working from this strong base, we recognise the need for further evolution to enhance our agility as a business, setting us up to tackle current and emerging challenges and allowing the Group to realise its full potential.

This will require a review of all areas of the business, as well as the current Group structure and our operating and expansion model, to determine where we can increase efficiencies and drive the strongest returns for the Group. I look forward to updating you on my strategic plan for the Group at our Capital Markets Day in March 2025.

The ambition to be one of Europe's leading discount variety retailers remains intact. I am excited to work with my leadership team, supported by the Board, to deliver on the Group's strategic priorities as Pepco Group enters the next phase of its growth journey.

Building a more sustainable and equitable future

At Pepco Group, we recognise our responsibilities for our business practices, in order to create sustainable long-term value creation, in a world where our various stakeholders including customers, employees, suppliers and investors, increasingly expect businesses to contribute positively to society and the environment. Therefore, in FY25, we are introducing a new sustainability strategy that marks a bold step forward in our dedication to fostering a more sustainable and equitable future. This strategy aims to weave social responsibility and environmental sustainability into all aspects of our operations, including product sourcing, operational processes, and our interactions with customers and communities.

Our approach is guided by three core pillars: Planet, People and Product, each of which is underpinned by specific, measurable goals that align with global sustainability standards and disclosure requirements. Our 2030 ESG strategy will deliver our mission to demonstrate that price is not a barrier to sustainable and ethically produced products – see further details on page 34. I look forward to reporting on our momentum across these areas going forward.

Outlook

While it remains early in the year, the Group expects to build on the like-for-like sales momentum delivered by Pepco so far in FY25. Focused price investment on key line items, alongside an improvement in availability and freshness of stock, is expected to drive volume-led growth in revenues during the year. For FY25, we are targeting to open approximately 300 net new stores across the Group, with new stores principally focused on the Pepco brand and primarily in the CEE region.

Management's priority in FY25 will be to deliver continuing progress on like-for-like revenues, which should improve as we overcome supply chain challenges, supported by better prices, while we continue to enhance the core customer proposition. With these foundations, as well as a continued focus on disciplined capital expenditure to drive free cash generation, we expect to deliver further strategic progress in FY25.

On behalf of the entire Group, I would like to thank all our stakeholders for their continuous support.

Stephan Borchert
Group Chief Executive Officer

Q&A with Stephan Borchert

> Taking a more measured approach to focus on sustainable, profitable growth will remain a priority."

What is your background and why is it relevant to Pepco Group?

I have worked for a diverse range of retail industries for more than 20 years, including fashion, beauty, pharmacy and healthcare services. All of these operated on either a pan-European or global level with multi-format or multi-brand omni-channel strategies. Some of them were publicly listed on stock exchanges and I served on their Boards as an Executive Director or CEO.

In addition, I have always been driven by cultivating a strong relationship between the business and the customer. Only by keeping the customer at the heart of everything a retail business does can a company maintain its relevance, succeed in highly competitive environments and grow market share.

I believe that my experience with a wide variety of global market-leading companies stands me in good stead to apply best practice around leadership, omni-channel operations, supply chain optimisation and store operation management to Pepco Group, helping it to achieve a next level of excellence.

What attracted you to the role of CEO at Pepco Group?

Pepco Group sits in the attractive and growing discount retail sector with a unique and market-leading position in its core markets. The Group operates over 4,900 stores across 20 European countries and employs over 47,000 people. This is a business that has seen rapid growth over the last decade.

However, the Group has had its challenges over recent times and, in my view, has not yet capitalised on the enormous opportunities it has. I therefore look forward to working with my leadership team on unlocking the full benefits from the scale of this business to drive revenues, increase returns and grow shareholder value.

What are your initial impressions of Pepco Group?

My most notable observation since joining the business is the size of the opportunity we have. Pepco already benefits from high levels of brand recognition and market share in its core CEE markets, but there is more we can do to build on this to create a stronger business.

On numerous site visits across the Group since I joined and many conversations with people around the business, I have been happy to witness the pride in our workforce, who do their best to put the customer at the heart of everything they do. Our success will be driven by a crystal-clear view of what our customers want. Putting their needs at the centre of our thinking, shaping our business around serving them and further easing the shopping experience.

What are your three biggest priorities?

As well as immersing myself inside the business since joining, I have also met with a variety of external stakeholders, from our largest shareholders and creditors to our key suppliers. It has been important for me to listen to truly understand the primary opportunities and challenges for the business.

From my discussions, it is clear that one of the most important priorities we need to address is improving our like-for-like sales momentum and further investing in an efficient operating model for future profitable growth.

I will also be assessing our Group structure to better understand how our three brands (Pepco, Poundland and Dealz) work together, appreciate the level of integration and determine the optimal structure going forward.

Thirdly, investigating our opportunity in Western Europe and its potential future growth profile for the Group will be another focal point. Our Pepco business has strong roots in Central and Eastern Europe, where we need to defend and grow our market position. However, if taking a longer-term view, I believe the white space opportunity of Western Europe will be a substantial growth driver for us in five years and beyond.

When should we expect to hear your long-term vision for the Company?

I have clear ideas on how to address the challenges that the business has faced, as well as the catalysts needed to profitably grow the business. I look forward to outlining my strategic vision for the Group at a Capital Markets Day event, which will be held in March 2025.

Will there be any U-turns in strategic direction?

The building blocks that have been laid out by Andy Bond over the last year have formed a good foundation for this strategic review. It is clear that the business tried to grow too quickly previously, without steadily developing the infrastructure alongside it in order to support an expanding retail footprint.

Taking a more measured approach to focus on sustainable, profitable growth will remain a priority, as well as maintaining control on capital spend to drive cash generation. However, I will also assess the best Group structure to drive this growth, as well as seeking new channels of growth to complement the existing business, such as exploring the benefits of adding a digital focus, as well as investing in technology and supply chain to improve the decision making that takes place across all parts of the product cycle.

Stephan Borchert
Chief Executive Officer

Building Europe's leading discount variety retailer

Pepco Group offers price leadership and a differentiated product proposition, facilitated by increasing economies of scale through our vertically integrated sourcing model.

Our strengths

Differentiated products
Leveraging our scale and sourcing strategy, we offer a diverse range of clothing, homeware-led general merchandise (GM) and fast-moving consumer goods (FMCG), providing our core shopper, a "family on a budget", with their regular shopping needs. Understanding customer preferences and focusing on quality is key to delivering customer satisfaction and growing market share.

Local stores in convenient locations
We own and operate a multi-format pan-European variety discount retail business, with more than 4,900 conveniently located stores located across 20 countries. By focusing on standardisation and repeatability across our operations, we aim to expand our store footprint efficiently in line with our growth prospects.

Infrastructure and distribution network
We continue to invest in the development of high-quality, scalable infrastructure, including information technology, warehouses and more efficient and resilient back office support.

Direct sourcing operation
PGS maximises buying scale and operating efficiencies, thereby lowering costs and improving margins. With the full product development chain for clothing and merchandise managed within the Group, the vertically integrated model provides flexibility in sourcing.

Our colleagues
Talent retention and development is central to the success of our business, and we aim to maintain the right pipeline of skills within the Group to facilitate the long-term success of our growth strategy. We maintain a strong commitment to ethical and responsible business conduct, honesty and integrity, both within the Group and throughout our value chain.

Our key retail brands

We are proud of the brands we have built up within the Pepco Group.

Pepco
Leading clothing and GM-led variety discount retailer in CEE expanding into Western Europe
- Focus on price leadership with market leading entry prices
- Clothing for the whole family (with a particular strength in kids and babywear), home décor, toys and seasonal products
- 3,781 stores across 18 countries, which includes 549 stores in Western Europe.
- Integrated with PGS, our global sourcing office dealing with a supply network of over 375 vendors utilising around 750 factories

Poundland
Delivering amazing value in branded quality, everyday essentials
- FMCG-led offering with a price architecture anchored around a limited number of simple price points
- Growing product offering of clothing and GM including home, garden, food, toys, health, beauty, pets & more
- 836 stores across the UK and Ireland

Dealz
Fast growing discount retailer
- Dealz offers unique international FMCG and GM products at the lowest prices with 3,000 products across 18 categories
- The best deals and brands are sourced from Poland, Europe and Asia, offering thousands of branded products for the whole family
- 331 Dealz stores in Poland

> Pepco Group is a powerhouse retail business with a strong reputation for delivering outstanding value, range and convenience for our customers."

Stephan Borchert
Chief Executive Officer

Our proposition

1 Sell for less

- Price leadership
- Low-risk inventory
- Simple price architecture
- Optimised markdown management

2 Buy for less

- €1.4bn sourcing scale
- Seasonal buying model
- Direct from suppliers
- Consolidated volume

3 Operate for less

- Standardised store format
- Volume leverage on operating costs
- Discount mindset

Creating value

Revenue growth

+10%
in FY24

Customers

61m
customer transactions per month across 20 countries

Colleagues

3,048
colleague promotions across the Group during FY24

Society

Supporting charitable activities across the Group, including the Poundland Foundation

Supply chain

€1.4bn
of shipment value in FY24

Governments

Significant economic contribution to our operating countries through our role as both taxpayer and tax collector, including payroll-related taxes remitted in employing >47,000 colleagues across the Group

Delivering our strategy

Our core strategy to date has been outlined by the key pillars below:

Optimising and expanding our store network

Enhancing the customer offer

Driving cost and operational efficiency

Delivering stronger cash generation through disciplined investment

➤ This has also informed our ESG strategy, which can be found on page 34

Notwithstanding these overriding strategic pillars, the year in review was characterised by addressing issues in the business that had arisen through undisciplined growth during the previous couple of years.

- Rebuild profitability in Pepco's core CEE heartland, prior to formulating a clear plan for profitable expansion in Western Europe
- Ensure we addressed shortcomings in our customer offer, in particular focusing on regaining price leadership
- Address cost inflation and drive cost optimisation opportunities from our growing scale
- Temper the pace of store openings focusing on higher return locations and markets, while also improving working capital through better supplier and stock management

Pepco has strengthened its store profitability and customer positioning in the CEE region using its proven, profitable and scalable model"

Andy Bond
Non-Executive Chair

Optimising and expanding our store network

The Group's ambition remains to be Europe's leading variety discount retailer. We aim to achieve this by offering quality clothing and GM products at the best prices, with stores located close to our customers, whether that is in high streets, retail parks or shopping malls. The convenience of our store locations, along with maintaining price leadership is critical to providing a compelling value proposition for our customers and to growing market share.

Net new store openings

392

The Group strengthened its store profitability and customer positioning in the CEE region during the period, returning to pre-Covid 19 performance. New store growth was principally focused in core existing markets, where we have a strong track record in driving returns. For Pepco, there was a particular focus on growing scale in our core CEE markets, while we continue to assess our performance in Western Europe. For Poundland in the UK, the growth of new stores was primarily driven by the conversion of Wilko stores. Dealz Poland made further progress in Poland.

The Group delivered 392 net new store openings during FY24. This excludes the impact of exiting Austria, which resulted in the closure of 73 stores. Our store opening programme in FY24 partly reflected commitments made during FY23, which resulted in a front-end-loaded store opening schedule. This was reflected by 203 net new stores in Q1, but reducing to 86 net new stores in Q2, and just 103 stores during the second half overall.

For FY25, by prioritising attractive returns on capital, we are targeting approximately 300 net new stores across the Group, with new stores principally focused on the Pepco brand and primarily in the CEE region.

Pepco – Profitability rebuilt in core CEE business

Our Pepco CEE business remains the key engine driver for the Group, delivering the highest returns across the estate. Pepco's core CEE business generated 53% of FY24 Group's revenues, but given the historically strong profitability of these stores, it generated the vast majority of the Group's EBITDA.

The core CEE estate had seen store profitability (4-wall EBITDA pre-IFRS 16) decline since 2019, as a result of external factors (supply chain disruption, input cost inflation, weak consumer spending, higher freight costs and adverse movements in foreign exchange), as well as internal factors (losing focus on price leadership and unfocused growth). Reversing this trend and driving improving 4-wall EBITDA was a key objective at the start of the year. This is a target that we exceeded by September 2024, driven by higher revenues, a strong recovery in gross margin and various other operating initiatives. We continue to see further opportunity to grow store operating profit during FY25.

Pepco opened 331 net new stores during the year, with 232 net new stores in CEE and 99 net new stores in Western Europe. About 70% of net new store openings were across our core CEE markets during the period. We saw 83 new net store openings in Poland in the period, with 1,339 stores in total at the period end. Outside of Poland, the majority of new openings within the CEE took place in Bosnia and Romania, Serbia and Czechia.

During FY25, our store location strategy will continue to be targeted into the CEE region, given the familiarity of these markets and our confidence in driving returns, which will enable us to improve our strong market position. There remains a significant white space opportunity in our core CEE markets to meet our overall store targets over the next several years.

Western Europe ("WE") remains an important region for future growth for Pepco, particularly within Iberia (Spain, Portugal) and Italy, which account for 87% of WE sales and 82% of stores. While we remain confident in developing a store performance model that will allow us to drive profitable growth and attractive returns in WE, we will continue to manage the pace of new store openings in this region over the near term until we see appropriate and sustainable performance being delivered.

The opening of a new distribution centre ("DC") in Madrid, Spain during September 2024 marks an important step in realising an appropriate economic model for our Iberian operations. It will structurally reduce current high transport and distribution costs, while improving availability in stores which should drive improved sales. The opening of the DC will cut lead times on clothing and GM products within Spain and Portugal, while lowering stock holding and distribution costs. The DC will help support growth in the region for the foreseeable future.

Poundland – Performance impacted by transition to Pepco-sourced clothing and GM ranges

Poundland opened 84 stores during FY24 that was a higher-than-normal store opening programme, which largely reflects 46 Wilko conversions. In addition, we closed 71 stores in the period, as a result of managed lease expiries as well as a number of closures related to the opening of the new Wilko conversions nearby. There has been a mixed performance from the Wilko conversions, with some stores operating above expectations, but others requiring further investment in order to bring the look and feel and product proposition in line with the Poundland offer. It has become clear, however, that larger stores are not where Poundland delivers best performance, and we will be much more focused on any future store openings being of a size of around 700 sqm, which is optimal for the offer.

In FY25, there will be greater scrutiny of new Poundland store openings, given the reduced profitability the business has faced during 2024. New stores will be opened only where we are confident of delivering an appropriate return on investment through delivery of our core offer to our customers. Additional rigour will also be applied to any investment in store refits and improvements.

Poundland's FY24 profit was significantly impacted by not delivering on the ambition of enhancing the business through replacing its traditional clothing and GM ranges with those of Pepco. The rationale for the move was to consolidate sourcing to a larger buy across the Pepco Group in order to drive scale, increase efficiencies, lower prices for customers and raise Pepco brand awareness. However, it became clear as the year progressed that both the planning and execution of this implementation had shortcomings, with gaps in clothing and GM product for the UK customer, impacting revenues and profitability during the year. It further became clear that our UK customers had a different expectation of the Poundland brand proposition compared with Pepco customers which has led to a fundamental rethink of approach going forward.

Pepco-sourced clothing was first introduced across the Poundland estate from September 2023, bringing new, high-quality ranges into the UK market at a lower price point. While customer reaction to the new Pepco clothing ranges saw positive feedback – notably around value – the product offer did not fully replicate the previous breadth or depth of Poundland's men's and women's ranges and coverage across sizes, leading to lower LFL revenues. The improved clothing offer for children's wear, which is a core strength for Pepco, did not offset the shortfall in adult wear. There was similar disruption for Poundland's new Pepco-sourced GM ranges, which were introduced from March 2024. Notably these had gaps in seasonal ranges, where Poundland has had strength historically, and had a weaker range offer in other categories of historical Poundland strength, for example in DIY.

While we have taken remedial steps to correct sizing and some of the other range issues for FY25, which will address some of the missteps of FY24, it is clear that Poundland will need to take significant steps in order to recover performance and meet customers' needs and expectations.

Dealz – Store growth of 17% and positive EBITDA

Our Dealz stores in Poland offer well-known international FMCG brands and GM at low prices, with 3,000 products across 18 sub-categories. Dealz opened 48 net new stores during the year, reaching 331 stores in total that now operate across Poland. Brand awareness continues to grow quickly for our key target customers aged between 19-45 years old.

The performance of Dealz stores in FY24 improved over the prior year, and generated positive EBITDA for the first time, but was impacted by the introduction of Pepco-sourced GM from March 2024, which has not resonated with customers. In the FMCG category the market was highly competitive during the year driven by the large Polish food retailers, and Dealz suffered from not having sufficient range differentiation which it is reviewing. Strengthening the GM offer will be a key focus during FY25 in order to recover sales and improve gross margin.

Optimising and expanding our store network

New distribution centre to support growth in Iberia

In September 2024, the Group launched its newest DC near Madrid, Spain, a key milestone in enhancing returns and improving product availability in stores. The opening of this new DC will significantly reduce the transport cost and time for goods to reach our stores across Spain and Portugal, which were previously served by DC Gyál in Hungary.

The Guadalajara DC is essential for expanding our store footprint in the Iberian region, supporting our growth in the coming years. It features advanced stock handling capabilities, including a 140-metre sorter machine that organises and prepares items for picking, streamlining our operations and boosting efficiency. Stock arrives from Asian vendors via the port of Valencia, as well as directly from European vendors. The DC will achieve a full flow of goods to all Iberian stores via ten transport hubs.

Enhancing the customer offer

Whilst knowing our customers has always been a key focus, the growing competitiveness of the markets in which we operate now demands that we further deepen our customer understanding, enabling us to respond to their evolving needs with market-leading prices.

New Pepco collections every season

130

Pepco – Better understanding our customers

Improving our knowledge of customers is a key element of our strategy. We regularly conduct surveys and talk to our customers to understand more clearly consumer trends, brand equity and impacts of macroeconomic activity. This analysis is then used across the business, from buying teams to procurement, in order to tailor our products and store layout to our customers' needs.

The business regularly adapts the offer to ensure a continuing range of new products on store shelves. The offer is regularly refreshed and improved with over 130 new collections every season.

Feedback from our customer surveys continues to highlight that two-thirds of shoppers view low prices as the key reason for Pepco customers to visit a store. The chain has a large base of loyal customers with over half visiting a store more than once a month. We know that customers have faced a more difficult financial period over the last year, which has meant greater appreciation for the affordability of Pepco's customer offer.

Poundland grows digital presence

Poundland's online business has grown rapidly, although from a standing start, following the 2022 acquisition of Poundshop.com, with orders more than doubling under Poundland ownership. During the year, Poundland has transitioned operations to a new distribution hub at Darton, South Yorkshire, which gives the business extra capacity to expand its online operations at pace. Last year, the business combined Poundshop.com with its principal Poundland.co.uk website as the natural next step in order to allow customers to shop from a more tailored e-commerce offer from Poundland online. It is clear customers are using the online channel for a different shopping mission with a significantly higher average basket online versus in store.

Poundland has continued to explore the potential for increasing digital engagement with its customers. During the year the business launched its first-ever Rewards app, Poundland Perks, allowing customers to save more at the check-out. Poundland Perks was previously on trial in around 100 stores on the Isle of Wight, Northern Ireland and Scotland, before rolling out nationwide in October 2024. Customers are rewarded for their spending to earn 'Perks Points' when they spend in different parts of the store. Customers can then turn these points into digital reward vouchers to spend in store or online, or to save for a bigger purchase.

Investing in our people to enhance customer satisfaction

We believe that the ability for colleagues to build rewarding careers enhances both the service we provide to our customers and our employment brand. We continue to invest in the capability of our people both in terms of developing our existing colleagues, and attracting new, high-calibre recruits into the business to continue to support and drive our growth agenda.

We invest in colleague training and development providing mandatory, induction and development training to our people at least on an annual basis through our regional training centres. Additionally, we use tablets in stores to offer more e-learning options. A key focus has been on improving internal career pathways to retain the best talent. Reflecting on our commitment to the development of our colleagues, we promoted over 3,048 colleagues during FY24, which demonstrates our strong commitment to internal development.

Refits and refurbishments

At the end of 2023, we paused our Pepco New Look programme, where we were initially targeting to re-fit all c. 2,500 Pepco stores in the CEE region, as it was clear we were not delivering the expected sales uplift and returns. As a result, while 715 conversions took place in FY23, the number of store refits dropped to 219 in FY24, which were mainly concentrated across Poland, Romania, Czechia and Slovakia. We are reviewing our store formats with a view to meeting better the needs of our customers and future conversions will reflect a more considered investment approach as we continue to maintain and enhance our network.

Driving cost and operational efficiency

Our strategy has been to focus on improving profitability, cash generation and operational simplicity. This requires a more disciplined approach to new store openings and investment in existing core markets, addressing all non-core and underperforming areas of the business, and driving cost efficiency through labour and end-to-end supply chain improvements to help offset inflationary pressures.

Operating costs (IFRS 16, excl. rent) as % of sales

28.6%

Innovation and optimisation to achieve efficiencies

Labour efficiencies are a focus area in both Pepco, against a backdrop of a sustained high wage inflation environment in Central Europe, and Poundland given increases in labour costs. The businesses have delivered a reduction in labour hours of 6.2 FTE per store in FY23 to 5.7 in FY24 through a combination of investment in technology such as self-service tills, more efficient allocation of colleagues on the shop floor, as well as changes in processes to reduce stock handling. In addition, the implementation of modern retail point-of-sale systems has improved the speed and quality of service to our customers and simplifies the work for our colleagues.

Reviewing underperforming and non-core areas

Over the last 12 months, we have stopped non-core activities across the business in order to focus on our core retail operations. This has included cancelling early-stage plans for franchising and wholesaling opportunities. We paused Pepco's New Look refit programme across the CEE markets, exited loss-making Pepco Austria, paused expansion of our Pepco Plus format in Iberia, and undertook a rigorous performance review of all stores across the Group. We have enforced greater disciplines across our internal investment approvals and revisited our store evaluation processes and capex to provide greater certainty on the results from new store openings and other investments going forwards.

Move to a single Pepco format

Our Pepco 'Plus' store format, which is currently limited to Spain and Portugal, offers FMCG in addition to our core range (clothing and GM). This format created additional complexity to our operations, alongside the need for larger stores, higher levels of capex and consumed additional time for management instead of focus on our core clothing and GM categories. In order to simplify the business, and to focus on the stronger returns delivered by our standard Pepco format, the Group announced during the year it had paused the rollout of new Pepco Plus stores, pending a more detailed review of the future of this format within the Group.

Pepco Plus represents a very small portion of the overall Pepco estate. At the end of FY24 we operated 123 stores all located in Spain and Portugal, accounting for 3% of overall Pepco stores.

Subsequent to the year end and following a detailed review of the format, the Group has taken a decision to focus on its core clothing and GM format and to develop this to the best that we can make it. Accordingly, we are closely evaluating the best positioning for our Pepco 'Plus' stores in Spain and Portugal over the next 12 months. We do not expect this to impact the business opportunity in these markets given the expected growth opportunity for Pepco generally.

Exit of Pepco Austria

The Group announced on 19 February 2024 that it would cease its operations in Austria. The Group entered the market in 2021 and operated 73 Pepco stores in the country. The decision to discontinue these operations was made as part of the Group's review of performance across all its markets. Pepco Austria was losing cash EBITDA of about €1 million per month, such that the exit has improved underlying EBITDA. Austria has been classified as a discontinued item in the financial statements. In total, Austria has led to a non-cash loss on discontinued operations of €49 million largely reflecting impairment of loans and receivables payable to other subsidiaries of the Group. The cash costs associated with the exit of Austria all incurred during the year amounted to approximately €13 million, including costs.

Modernising IT to provide platform for future growth

The rollout of a modern IT platform across the Group is fundamental to the future successful growth of the business, providing a robust system, while delivering operating efficiencies. We have been deploying an Oracle ERP (enterprise resource planning) system across the Group. Poundland successfully launched new modules during summer 2023, giving it a single, modern inventory management and finance solution, while introducing enhanced visibility and management of financial data, along with greater efficiency in managing accounts payable.

For Pepco, the development of a new ERP platform has been under development over the past three years, specifically focusing on the deployment of an Oracle system supporting stock and finance, similar to what had been implemented in Poundland. However, it became clear, following a review earlier in the year, that there were issues with the design and implementation plans for this system. We have now decided to stop the programme, and instead will relaunch a revised programme with clearer objectives and timelines given the strategic changes in Pepco's operations and growth aspirations. The recent recruitment of a new Group CIO will drive this relaunch in order to streamline our model to drive operational efficiencies.

Continuing to diversify sourcing footprint

Pepco Global Sourcing (PGS), our captive wholly-owned sourcing entity for clothing and GM, provides a key competitive advantage for the Group. Very few discount retailers have an integrated sourcing entity, instead relying on third-party agents. PGS was fully integrated into Pepco during FY23, helping to drive further operating efficiencies.

PGS supported the delivery of 22% unit volume growth year-on-year during FY24 with its share of the Group's buy (excluding branded products) increasing from 88% to 92% of our clothing and GM ranges. By maintaining direct relations with over 375 suppliers, which represent over 750 factories principally in Asia, we are able to achieve significant cost benefits and negotiate better payment terms, with a consequent positive impact on our working capital.

PGS has continued to focus on diversifying its sourcing footprint. PGS' EU sourcing office, in Poland, saw the value of FOB sourced in the region exceeding our initial expectations, although it remains a small percentage of the overall buy. We expect these near-shore sourcing operations to grow further in FY25, as some of our remaining direct vendors migrate to PGS. We have also increased our sourcing flexibility out of countries such as Cambodia and Pakistan.

Delivering stronger cash generation through disciplined investment

Greater focus on disciplined capital investment has improved cash generation. This financial strength positions us well to continue executing our growth strategy while maintaining a strong balance sheet.

FY24 free cash generation

€168m

By delivering more measured growth – doing less, to achieve more – the Group has taken a more disciplined approach to investment capex in FY24. This was principally related to slowing new store growth and refits. The number of gross store openings was significantly lower in FY24 (509) compared to the prior year (806). We also spent significantly less on the Pepco store re-fit programme, with 219 conversions in FY24, compared to 715 in FY23.

With respect to our store investments, we reviewed our store assessment model with a more stringent selection criteria and revised financial targets to drive a better quality pipeline of new stores. In addition to this, we reduced capex spend per store and optimised working capital requirements which helped drive an improved return on invested capital on our newest stores.

As a result, capital expenditure in FY24 was significantly lower y-o-y at €212 million (FY23: €382 million), which supported a strong improvement in free cash generation during the year. FY24 underlying operating cash flow was €906 million, which increased by €174 million y-o-y. Free cash flow for the Group was €168 million, an improvement of €274 million over the same period last year.

In relation to supply chain, we opened a new distribution centre in Spain, to support better market economics for our operations in Iberia. This DC is in a ramp-up phase at present. In relation to IT, we have invested in enhancing cyber security, POS terminals and systems and disaster recovery planning.

All capital allocation decisions moving forward will focus on supporting our strategic objectives of driving LFL sales, targeting higher quality growth, strengthening our core infrastructure and control environment and improving operating cost efficiency. Following significant progress during the year we have confidence that we can deliver improving cash flow and value to our shareholders over the long term, while maintaining a strong balance sheet and healthy liquidity.

Capital allocation policy

The Group reviewed its approach to allocation of capital with the overriding objective being to enhance shareholder value. We will continuously assess our medium-term plans which take account of investment in the business, growth prospects, cash generation, net debt and leverage and shareholder returns.

Our capital allocation framework is centred on maintaining a strong balance sheet and ensuring the business operates with an ample level of liquidity. Where the Group generates excess cash, it will continue to prioritise investment to grow its business organically, consistent with attractive returns on capital. Recognising the current strength of the balance sheet (FY24 pre IFRS 16 financial leverage is 0.5x) and increasingly cash-generative nature of the business, the Board has decided to announce an inaugural full year dividend for FY24.

It is the Board's intention to pay a dividend initially at a payout of 20% of full-year underlying net profit. The Board's expectation is that the absolute amount of dividend will remain stable or increase on a full-year basis, subject to any significant internal or external factors.

Therefore, the Board has recommended a full year dividend of 6.2 Euro cents per share, subject to the approval of shareholders at the Annual General Meeting that will be held on 12 March 2025. Further detail, including payout dates, will be provided in due course.

Alongside the dividend, the Board will also review on an ongoing basis the potential for additional cash returns. Any surplus capital identified over time may be returned to shareholders by further dividends and/or share buybacks, subject to the Board's discretion and shareholder approvals.

Strategic report

Navigating industry trends

Pepco Group seeks to grow market share by better understanding our customers and what is influencing their shopping decisions.

Knowing our customer

We regularly engage with our customers to ensure that we understand their preferences, and can adapt our model as needed. Pepco conducted a customer survey earlier this year, confirming a number of facts:

- Our core Pepco customer remains a mum on a budget. The majority of our shoppers across all markets are women, with nearly 80% professionally active and having children in secondary education. Over half of our customers are aged between 25 and 45.
- Two-thirds of respondents view low prices as the key reason to shop at Pepco stores. Other reasons include an attractive product range and good value for money.
- Pepco enjoys a large base of loyal customers, with over half visiting our stores more than once a month.
- Over two-thirds of customers who enter a Pepco store make a purchase, confirming that the Pepco shopping experience meets visitors' expectations and delivers the products they seek.
- Pepco customers admit they have faced a difficult period recently, with nearly half feeling their financial situation has deteriorated over the last year due to inflation. This underscores the need to further emphasise our price and value proposition.

Link to strategy

Economic conditions

At the start of 2024, the CEE region showed signs of recovery after a period of stagnation, with inflation declining from a peak of 10.6% in October 2022 to an estimated 2.4% by April 2024, primarily due to falling retail energy prices. Despite a strong labour market and double-digit wage growth, which outpaces core inflation, the rise in the saving rate to 14.4% has limited private consumption growth to just 1.3%, still below historical trend levels.

While real disposable income growth suggests some consumer prosperity, many customers continue to feel the effects of the ongoing cost of living crisis.

What this means for us

Feedback from Pepco customers demonstrates a challenging financial situation, with nearly half of respondents complaining of deterioration over the last year due to inflation. This underscores the need to further emphasise our price and value proposition.

Our response

- Maintaining price leadership will remain a core focus, particularly across key value items.
- Continuing to prioritise convenience in our retail footprint by ensuring that our shops are located closely to where our customers live, work and play.
- Maintaining regular engagement with our customers to understand and adapt our product ranges to their needs.

Link to strategy

Link to strategy

- Optimising and expanding our store network
- Enhancing the customer offer
- Driving cost and operational efficiency
- Investing in infrastructure and people to support growth

Discount retail trends

Retail sales in Europe are forecast to increase by approximately 3.7% in real terms in 2024, supported by real disposable incomes moving back into positive territory as inflation continues to slow. The evolution of consumer spending habits and the prioritisation of experience spending is expected to continue, positively impacting discretionary spend.

The discount retail segment has grown more strongly over recent years. The Polish clothing market has grown by 25% since 2021 according to Euromonitor, with strong levels of growth forecast to continue. The discount home market has seen similarly strong growth, up by 17% since 2021 in Poland.

What this means for us

Pepco has maintained a strong market position in its core categories. In kidswear, Pepco has continued to grow its market share which is over 30% in Poland. Market share in homeware has grown by five percentage points over the last five years to 12%.

There remains a significant white space opportunity in our core CEE markets, for example in key countries like Romania, Hungary, Bosnia and Herzegovina, Bulgaria and Serbia. There are also new CEE markets open to us in the future including Macedonia, Kosovo and Albania.

In Western Europe, there remains significant opportunity to grow new stores in our existing markets, particularly in Spain and Italy, over the medium term, without the need to seek new country locations.

Our response

- Continue to offer a range of product choices.
- Maintain price leadership against key competition.

Link to strategy

Supply chain

With 30% of global container trade transiting through the Suez Canal, the unprecedented Red Sea shipping crisis, resulting from conflict in the Middle East, upended supply chains and increased shipping costs during the year. This caused the prices of some routes, particularly from Asia to Europe, to surge nearly five-fold, whilst also extending shipping times to our key ports.

What this means for us

As a result, the Group experienced elevated spot freight rates and delays to container lead times. The majority of our freight costs were contracted, but the business still faced additional surcharges from carriers in relation to the longer shipping routes being taken.

In addition, these supply issues led to lower-than-expected stock at various points in the year, with stock typically taking two to four weeks longer to hit shelves.

Nevertheless, we saw the gradual improvement of inventory quality in Pepco during the year, with older stock from previous seasons being removed through mark down, which improved the mix towards higher-margin newer stock that is selling strongly.

Our response

- As we move into the new year, we are seeking to mitigate supply issues by shipping product earlier from factory which is expected to improve availability.
- We are optimising shipping routes to ensure the fastest delivery times relative to cost.
- We are using a variety of carrier options, including air and train freight, where there is a more pressing need to receive stock quickly, particularly focused around seasonal goods.
- Our new DC in Madrid, Spain will also help improve availability to our stores in Iberia by improving delivery times.

Link to strategy

Monitoring performance across the Group

The following key performance indicators (KPIs) include Alternative Performance Measures (APMs). The Directors use APMs[1] as they believe these measures provide additional useful information on the Group's performance.

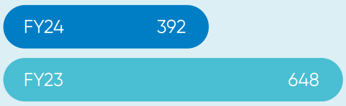
➤ The Group has environmental and social KPIs and targets which are shown on page 35

Link to strategy

- Optimising and expanding our store network
- Enhancing the customer offer
- Driving cost and operational efficiency
- Investing in infrastructure and people to support growth

Store growth

Number of net new stores[2,3]



Achieving profitable growth drives our ability to create value in the long term.

We took a more disciplined and targeted approach to growth in FY24 with 392 net new store openings in FY24, leading to 4,948 overall stores.

Definition and relevance:
Net store numbers accounts for store closures during the year

Disciplined and controlled store growth is fundamental to our Group strategy.

Link to strategy

Total Space

Retail trading space ('000 sqm)

Retail trading space of 2.3 million square metres represents an increase of 10.8% year on year.

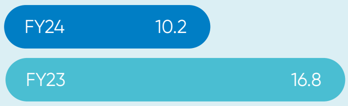
Definition and relevance:
Trading space is defined as retail trading space including tills, excluding back-of-house and changing rooms.

Store space growth allows us to extend our ranges and drive profitability.

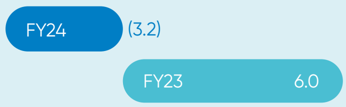
Link to strategy

Revenue growth

Total sales growth (%)



Like-for-like sales growth (%)



Definition and relevance:
LFL growth is fundamental to our Group strategy in delivering operating leverage.

LFL revenue growth is defined as year-on-year revenue growth for stores open beyond their trading anniversary and is reported on a constant currency basis.

Link to strategy

➤ Read more in our strategy section on pages 12 to 19

1 APMs are not defined under IFRS Accounting Standards and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS Accounting Standards measurements. See note 27 for definitions of APMs.
2 New store numbers exclude Pepco Austria, which the Group exited from in February 2024.

Profit

Underlying EBITDA IFRS 16 (€m)

FY24	944
FY23	754

Underlying EBITDA of €944 million represents a growth of 25% against FY23.

Definition and relevance:
Underlying profit before tax, net finance costs, depreciation and amortisation. Prepared on an IFRS 16 basis.

IFRS 16 is the accounting requirement under which EBITDA is reported.

Underlying EBITDA IFRS 16 Margin (%)

FY24	15.3
FY23	13.5

EBITDA margin is 180 basis points up year-on-year driven by a significant gross margin recovery.

Definition and relevance:
Underlying profit before tax, net finance costs, depreciation and amortisation, divided by sales excluding VAT. Prepared on an IFRS 16 basis.

IFRS 16 is the accounting requirement under which EBITDA is reported.

Underlying EBITDA pre-IFRS 16 (€m)

FY24	515
FY23	402

Underlying increase of 28% driven by revenue growth and recovery of gross margin.

Definition and relevance:
Underlying profit before tax, net finance costs, depreciation and amortisation. Prepared on an pre-IFRS 16 basis.

Pre-IFRS 16 EBITDA is the Group's leading metric on profitability.

Link to strategy

Underlying EBITDA pre-IFRS 16 margin (%)

FY24	8.3
FY23	7.2

EBITDA margin is 110 basis points up year-on-year driven by a significant gross margin recovery.

Definition and relevance:
Underlying profit before tax, net finance costs, depreciation and amortisation, divided by sales excluding VAT. Prepared on an pre-IFRS 16 basis.

Growing EBITDA margin is a key focus within our profit and loss statement.

Link to strategy

Stock

Stock holding (€m)

FY24	1,235
FY23	1,120

Group stock holding has increased by 10% against FY23 as a result of both the growth of the business and earlier purchase of inventory related to mitigating supply chain delays.

Definition and relevance:
Stock at cost post net realisable value (NRV) provisions.

The cost of stock directly impacts the profitability of sales. Aligning inventory levels with sales expectations is crucial to ensuring optimal stock holding.

Link to strategy

Cash generation

Free cash flow

FY24	168
FY23	(106)

The Group's cash generation materially stepped up reflecting solid EBITDA generation in conjunction with lower capital expenditure.

Definition and relevance:
Cash generated from operations, after lease costs and working capital movements but pre-capital expenditure, funding and investment.

Executing in a disciplined manner with a strong emphasis on efficient working capital and returns will deliver strong cash flows.

Link to strategy

A mixed scorecard

Neil Galloway
Chief Financial Officer

> A strong gross margin recovery at Pepco and greater investment discipline delivered record underlying profit and a better cash performance, but this offset a weak top line, with negative LFL sales, and a significant deterioration in Poundland's performance.

Underlying EBITDA YoY

+25.2%

Net Cash from Operations (pre-Capex)

€379m

Introduction

The Group experienced a mixed performance during FY24. While revenues hit record levels at €6.2bn (+10.2%), this was driven by new store expansion, against negative like-for-like ("LFL") sales (-3.2%) in all three brands. Pepco saw quarter-on-quarter improvements in its LFL sales performance through the year, exiting the year in September with positive LFL. We will continue to focus on consistent LFL sales growth as a key priority for the Group across all brands.

Notwithstanding the challenging top line, we delivered better, and earlier than expected gross margin recovery, driven by Pepco. This progress was driven by a combination of better buying from our suppliers, while also benefitting from a more favourable foreign exchange environment and normalised freight costs. Group gross margin improved by 390bps to 43.9% (FY23: 40.0%), while Pepco's gross margin increased by 530 bps to 46.9% (FY23: 41.6%), recovering to its pre-Covid levels.

This margin recovery, alongside an improving focus on costs, lifted FY24 Group underlying EBITDA (IFRS 16) to a record €944m, up 25.2% on the prior year. This was largely as a result of the improvement in Pepco's underlying EBITDA which increased 41.7% to €785m (FY23: €554m). In contrast, Poundland EBITDA declined by 21.5% to €153m (FY23: €195m), due to weak execution on the transition to Pepco-sourced clothing and general merchandise ("GM"). Dealz delivered positive EBITDA of €24m, although undershot its target for the year due to the impact of transitioning to Pepco-sourced GM.

With tighter discipline on investment spending, particularly driven by reduced store openings, capex reduced significantly to €212m for the year, 45.0% lower than FY23 spend of €382m. Alongside continued focus on improving working capital and optimising our supply chain finance programme, net financial debt for the year reduced to €256m (FY23: €411m), the lowest level since the Company's IPO in 2021. As a ratio of EBITDA, pre IFRS 16 net financial leverage declined to 0.5x in FY24 (from 1.0x in FY23). With a healthy balance sheet and stronger cash generation the Group is well positioned for future growth.

We took decisive action to exit Austria during the year, given the underperformance across almost all stores in that market and with limited prospect of turning around performance in the medium term. This has allowed better focus in our key markets. The impact of exiting Austria has been classified as discontinued operations in our financial statements.

In February 2024, our discovery of a fraudulent phishing attack in Hungary, perpetrated through a sophisticated social engineering scam, led us to review both our financial and IT control environment to guard against any future similar events occurring. Despite proactively working with the relevant authorities, it is unlikely we will recover any of the funds which were the subject of the fraud.

As a result of the material underperformance in Poundland, along with slower growth prospects and a higher cost outlook in the UK following the recent budget, we have assessed the carrying value of that investment and recognised a non-cash impairment of the goodwill and brand asset related to Poundland of €775m, which has driven a reported net loss for the year for the Group of €662m. On an underlying basis, Group net profit for FY24 was €179m, up 14.0% on the prior year.

Strategic focus

For much of FY24 the focus across the business was on remediating challenges resulting from the over-ambitious pace of store expansion across FY22 and FY23, stretching our resources and infrastructure. From a financial perspective we have four key operating levers at our disposal to drive profitability and cash generation across our business. These levers, which are covered throughout the financial review are:

- **Revenue** underpinned by LFL performance, supplemented with growth through new store expansion. Key to driving sales is our ability to deliver a relevant product offer at leading price points to retain our existing customers and attract new ones.
- **Gross margin** driven by category mix and our ability to optimise sourcing and buy better, while managing certain external factors such as foreign exchange movements, freight and commodities, balanced with maintaining a price leadership position and managing stock.
- **Operating costs** principally across our store operations in addition to our supply chain, central functions and head office. Notwithstanding inflationary challenges it is critical we focus on growing our sales ahead of costs and drive greater operating leverage through cost efficiencies coming from increased scale.
- **Cash generation** through a combination of discipline on investment spending, with increasing focus on returns, and effective management of our working capital principally driven by focus on stock and supplier management.

We identified a number of areas of focus in FY24 to drive an improvement in financial performance, the following of which we have delivered:

- A recovery in FY24 gross margin, which increased from 40.0% to 43.9% year-on-year, principally driven by the improvement in Pepco by 530bps to 46.9%.
- An improvement in the 4-wall cash EBITDA of our core Pepco business in CEE to pre-Covid levels, a target which has been exceeded during the year. Our average 4-wall cash EBITDA per store in core CEE stores was €218k in FY24 compared with €217k in FY19.
- A slow-down in store expansion with greater focus on improving returns on investment through ensuring we open higher quality stores in our core markets. We opened 509 stores (net 392) in FY24 compared with 806 stores in FY23 (net 648) with a significant reduction in new store capex spend at €129m, compared with €207m in the prior year. Most of the stores opened in FY24 have been focused on our core CEE markets where we continue to deliver strong returns.
- Halting our New Look programme, which did not deliver the required return on investment, resulted in a €38m reduction in capex compared to the prior year.

Where we have underperformed relative to our expectations was in our sales targets, with negative LFL sales for the year across all three brands. Our positive sales performance for the year was driven by store expansion from FY23 (as we annualised prior year openings) and FY24. The need to drive positive LFL sales is a key focus area for FY25.

We also experienced higher operating costs. This was partly related to budgeting our costs for a better sales outturn, which did not materialise, alongside experiencing continuing inflationary challenges in many of our key markets, particularly for labour.

With the underperformance of both Poundland and Dealz in adapting to Pepco-sourced clothing and GM ranges, it became clear during the year that transitioning to a single business and customer offer was not working as expected. Consequently, while each of Poundland and Dealz will have the option to continue to source from Pepco's product range, they will have increasing flexibility to source their own ranges appropriate for their markets and customers. This has resulted in some incremental costs as they resource for this compared with previous plans of closer integration with Pepco.

Aside from the trading performance, we also experienced some disruption and higher costs during the year related to our exit from Austria (shown as a discontinued operation) and the impact of the fraud we experienced in Hungary. Following on from the latter event there was a detailed review of both our IT and control environment, with a variety of actions taken to strengthen these further in order to limit any likelihood of a future recurrence.

Strategic focus continued

In relation to challenges with our supply chain during the year, the events in the Middle East disrupted shipping. This resulted in longer lead times of containers arriving at our operating ports, and having to carry additional stock in the business, all of which were unplanned. Further temporary delays were incurred later in the financial year, due to the political protests in Bangladesh, a key sourcing market for our clothing.

Trading environment

Trade across the Group in FY24 remained challenging despite improvements in macroeconomic indicators in our key markets. Whilst inflation and interest rate pressures receded from the levels seen in FY23, they remained relatively high in most markets where we operate relative to historical levels, which maintained pressure on our consumers as to how they prioritised their spend. While Pepco still retains, and has improved, a strong price leadership position in its key clothing and GM categories across the CEE region, we are increasingly operating under a more intense competitive environment.

Various supply chain issues affected the consistent and timely availability of stock in-store, which impacted trade for most of FY24. Product availability issues due to supply chain delays were increasingly mitigated by shipping product earlier, optimising shipping routes, and selectively utilising faster carrier options. However, this led to some surcharges in freight rates as containers had to travel longer routes. Expedited methods, such as air or train freight, needed to be used to guarantee timely stock availability, particularly for our seasonal ranges.

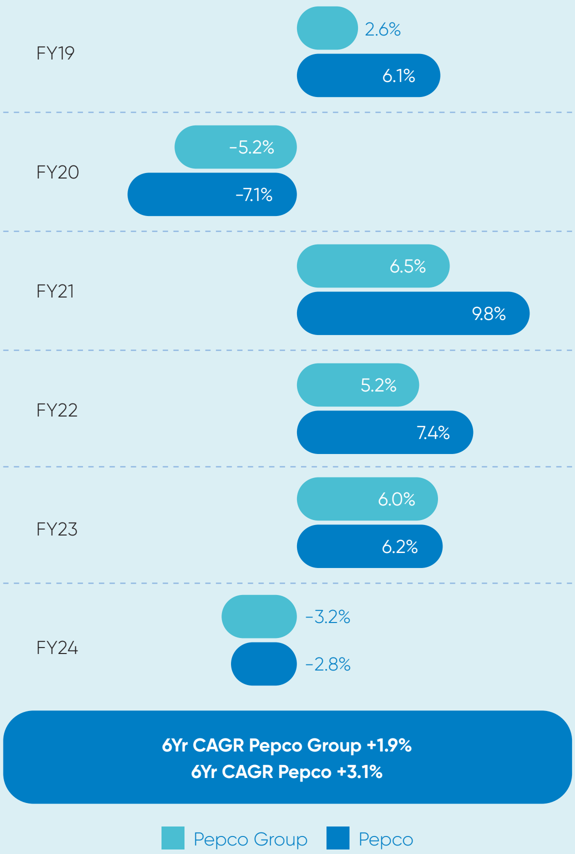
In Pepco, the combination of supply chain delays impacting store availability, together with the more difficult competitive landscape contributed to negative LFL sales for FY24 of -2.8%. This improved sequentially quarter-on-quarter through the year and we exited the year with positive LFL sales in September 2024. We also made progress in the improvement of inventory in Pepco through the year, with older stock from previous seasons being removed through mark down, improving the overall mix towards higher-margin newer stock.

In the UK, where Poundland operates, we saw increasing competition from the larger format retailers during the year for share of the customers' FMCG spend, resulting in weaker FMCG sales (+1.6% LFL) and margin, as we sought to mitigate this challenge. Performance was principally affected by the transition to Pepco sourced clothing and GM products, which has not met customers' expectations for a variety of reasons. In clothing (-19.1% LFL), there were issues with the offer not fully replicating the previous breadth or depth of Poundland's men's and women's ranges and coverage across sizes. In addition, with average unit prices being materially below Poundland's prior offering (-14.9%), the business required significant increases in volume to deliver improving LFL sales which it was unable to achieve. GM (-9.1% LFL) was also impacted by the Pepco offering not resonating with our UK customers and some of the more traditionally relevant GM products being phased out, for example, some traditionally strong seasonal ranges. LFL sales in Poundland was -3.6% for the year, despite Q1 being +0.9%.

Dealz also traded below expectations with LFL for the year landing at -4.8%, reflecting intense competition from other food retailers, including well established supermarkets, as well as issues with the Pepco-sourced GM offering.

The Group's and Pepco's LFL performance over recent and prior periods helps to illustrate these factors, particularly the performance drop off in H2 FY23 following a strong H1.

LFL% Evolution



FY24 financial performance

Profit & Loss Account review

The Group delivered strong FY24 underlying IFRS 16 EBITDA growth at +25.2%, with 180bps of EBITDA margin expansion. This was principally driven by the strong gross margin performance by Pepco following a normalisation of commodity costs, better contracting with suppliers, favourable FX movements and a stabilisation of container costs from the prior year.

Operating costs increased by 18.6%, which was driven principally by store expansion and the impact of inflationary pressures, particularly on wages. With weaker than anticipated sales throughout the year, the Group's operating leverage deteriorated by 200bps vs prior year. Recognising this, we are taking a more intense approach to both operating costs and capital investment as we go forward.

Pepco Group (€m)	FY24	FY23 (restated)	YoY (reported)	YoY (constant)
Revenue	**6,167**	5,596	10.2%	8.1%
Like-for-like revenues (%)	**-3.2%**	6.0%	n/a	n/a
Gross profit	**2,706**	2,239	20.9%	18.7%
Gross profit margin (%)	**43.9%**	40.0%	390 bps	390 bps
Operating costs	**(1,762)**	(1,486)	18.6%	16.2%
Operating costs %	**28.6%**	26.6%	200 bps	200 bps
Underlying EBITDA	**944**	754	25.2%	23.3%
Underlying EBITDA margin	**15.3%**	13.5%	180 bps	190 bps
Underlying EBITDA (pre-IFRS 16)	**515**	402	28.1%	26.6%
Underlying EBITDA margin (pre-IFRS 16)	**8.3%**	7.2%	110 bps	120 bps
Depreciation and amortisation	**(564)**	(459)	22.9%	20.5%
Underlying EBIT (IFRS 16)	**380**	295	28.8%	27.8%
Net financial expense	**(109)**	(81)	34.6%	32.1%
Underlying PBT	**271**	214	26.6%	25.7%
Underlying PAT	**179**	157	14.0%	15.3%
Underlying EPS (cents)	**31.1**	27.2	14.3%	15.4%
Impairment of Poundland	**(775)**	–	n/a	n/a
Other non-underlying items	**(50)**	(55)	-9.1%	-12.7%
Reported PBT	**(554)**	159	<-200%	<-200%
Tax	**(108)**	(50)	116.0%	110.0%
Reported PAT	**(662)**	108	<-200%	<-200%
Reported EPS (cents)	**(114.9)**	18.8	<-200%	<-200%
Loss from discontinued operations	**(49)**	(12)	<-200%	<-200%

	FY24	FY23 (restated)	YoY (reported)
Net debt	**1,631**	1,692	-3.6%
Leverage: Net debt to EBITDA	**1.7x**	2.2x	-0.5x
Net debt (pre-IFRS 16)	**256**	411	-37.7%
Leverage (pre-IFRS 16): Net debt to EBITDA	**0.5x**	1.0x	-0.5x

1 Numbers above based on continuing operations and according to IFRS 16 unless stated otherwise.
2 Pepco Austria is classified as a discontinued operation following the Group's exit of Austria. All numbers above (including comparators) exclude Pepco Austria.

FY24 financial performance continued

Revenue

Group revenue of €6.2bn grew +10.2% during the year driven by continued store expansion, with 392 net new stores opened in the year. LFL revenue of -3.2% saw all three brands report negative LFL revenue during the year. While Pepco saw sequential improvement quarter-on-quarter during the year, and exited the year with positive LFL revenue in the month of September, there is intense focus on delivering positive sustainable LFL revenues as we move into FY25.

Sales Growth %	Pepco	Poundland	Dealz	Total
Q1 LFL	(3.5%)	0.9%	(4.6%)	**(2.2%)**
Q2 LFL	(2.8%)	(2.8%)	(4.6%)	**(2.9%)**
Q3 LFL	(2.7%)	(6.9%)	(7.3%)	**(4.3%)**
Q4 LFL	(2.2%)	(6.4%)	(2.8%)	**(3.5%)**
FY LFL	(2.8%)	(3.6%)	(4.8%)	**(3.2%)**

Sales Growth %	Pepco	Poundland	Dealz	Total
Q1 Total	16.2%	3.5%	52.1%	**13.0%**
Q2 Total	16.4%	7.9%	57.3%	**14.9%**
Q3 Total	13.7%	(0.7%)	30.1%	**9.2%**
Q4 Total	10.3%	(8.5%)	23.4%	**4.1%**
FY Total	14.2%	0.2%	39.5%	**10.2%**

Gross Margin %

Group gross margin increased by 390bps YoY to 43.9% in FY24, driven by the 530bps YoY improvement in Pepco gross margin to 46.9%. During the year, the Group's principal currencies of Polish Zloty, British Pound and Euro strengthened against our main purchasing currencies of US Dollars and Chinese Yuan which delivered a transactional FX benefit to the gross margin, particularly in the second half of the year. This benefit is expected to continue to support margin in FY25.

Gross margin %	Pepco	Poundland	Dealz	Total
Q1	42.9%	39.6%	31.7%	**41.7%**
Q2	49.1%	37.8%	32.9%	**45.0%**
Q3	47.3%	38.4%	35.6%	**44.3%**
Q4	49.5%	38.1%	33.6%	**45.2%**
FY	46.9%	38.6%	33.4%	**43.9%**

During the fourth quarter of FY24, Pepco commenced a series of targeted product price investments to maintain its price leadership position, which will continue into FY25. This, together with a stronger focus on ensuring availability of key products lines and seasonal ranges, are some of the actions that we expect will underpin the recovery of sales into FY25.

Operating costs

FY24 Group operating costs increased by €276m to €1,762m (FY23: €1,486m). The largest element of our operating costs relates to the costs of operating our stores, which increased by 13% during the year, from €1,165m in FY23 to €1,310m in FY24, driven by an increase in trading space in Pepco. Store costs are principally driven by movements in rent, labour and utility costs and the growth in the overall number of operated stores.

Store costs

The ratio of Group store operating costs to revenues increased by 40bps to 21.3% in FY24 (from 20.8%), driven by lower-than expected LFL growth during the year and store labour cost increases in both Pepco and Poundland due to inflationary pressures and minimum wage increases in the UK. Rent costs also increased 21.2% to €459m.

SG&A costs

FY24 Group SG&A costs increased to €452m in FY24 (from €321m in FY23) driven largely by increases in payroll costs, including bonuses, due to headcount growth and wage inflation, additional store opening and closure costs, increased IT system running costs and investments in strategic projects across the Group.

Underlying EBITDA

Group underlying (IFRS 16) EBITDA increased 25.2% to €944m (FY23 €754m) during the year largely driven by sales growth coming from increasing store numbers, and gross margin expansion, offset by higher operating costs, principally linked to store expansion. Group underlying (pre-IFRS 16) EBITDA of €515m (8.3% of sales) represents an increase of 28.1% year-on-year.

Segmental reporting

During FY23, we reviewed the changing operating and financial profile of the Group as it continues to evolve and expand. We took a decision to change the segmental reporting of the Group in FY24 as follows:

- Four geographic segments: UK and Republic of Ireland ("ROI"), Poland, Central and Eastern Europe, and Western Europe; and
- Three trading segments: Pepco, Poundland, Dealz.

Geographic segments

The business delivered strong sales growth in all regions other than the UK and ROI, driven by the growth of stores in these markets. The Group's revenue growth during the year was driven by a strong performance from Pepco and Dealz.

Like-for-like revenue

	FY24 (%)	FY23 (%)
UK & ROI	**(3.6%)**	5.5%
Poland	**(3.6%)**	4.9%
CEE	**(1.7%)**	8.3%
Western Europe	**(6.5%)**	(0.3%)
Total	**(3.2%)**	6.0%

Presentation of financial information

Where appropriate the financial information has been quoted on an "underlying" basis, removing the impact of "non-underlying" items, defined as material and unusual in nature, in order to help the reader better understand the key drivers of business performance. Please refer to note 27 of the financial statements for detail on use of APMs for further information.

Segmental reporting continued

Revenue

€m	FY24	FY23	FY24 vs FY23 (%)
UK & ROI	**2,006**	2,001	0.2%
Poland	**1,618**	1,414	14.4%
CEE	**1,950**	1,816	7.4%
Western Europe	**592**	365	62.2%
Total	**6,167**	5,596	10.2%

Trading segments

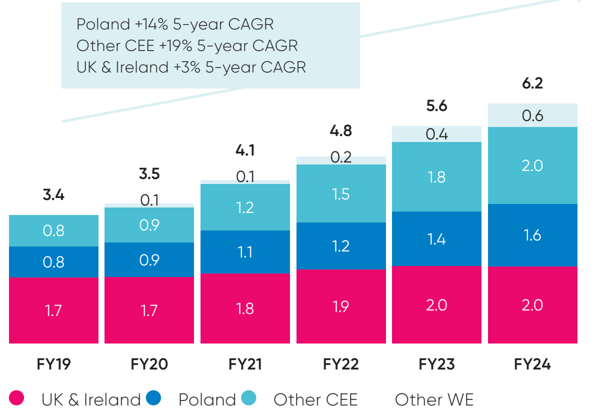
Pepco represents 62.5% of total Group FY24 revenue (FY23: 60.3%) and more than the entirety of the Group's FY24 operating profit. Poundland and Dealz contributed 32.5% and 5.0% of total FY24 revenue respectively (FY23: 35.8% and 3.9%). The significant change in operating profit contribution was driven by an improvement in performance in Pepco and Dealz, while Poundland performance declined due to the negative performance of its clothing and GM categories following a poor transition to Pepco-sourced products.

Like-for-like revenue	FY24 (%)	FY23 (%)
Poundland	**(3.6%)**	5.5%
Pepco	**(2.8%)**	6.2%
Dealz	**(4.8%)**	11.3%
Total	**(3.2%)**	6.0%

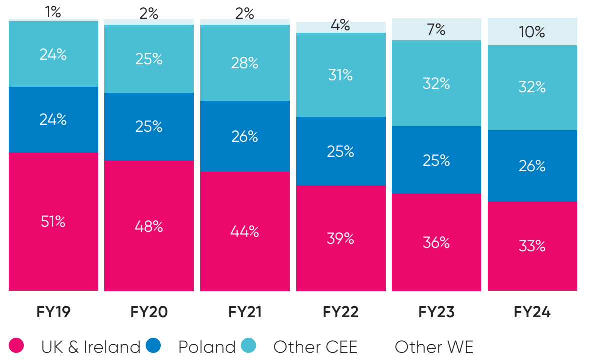
Revenue (€m)	FY24	FY23	FY24 vs FY23 (%)
Poundland	**2,006**	2,001	0.2%
Pepco	**3,853**	3,375	14.2%
Dealz	**307**	220	39.5%
Total	**6,167**	5,596	10.2%

Operating profit (€m)	FY24	FY23	FY24 vs FY23 (%)
Poundland	**(3)**	43	-107.0%
Pepco	**411**	271	51.7%
Dealz	**(8)**	(14)	42.9%
Other	**(20)**	(5)	<-200.0%
Total	**380**	295	28.8%

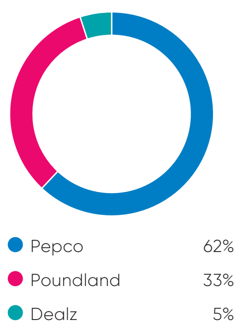
Revenue by Geographic Location (€bn)



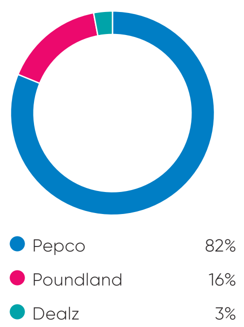
Geographic Location Revenue Mix



Total revenue



Underlying (IFRS 16) EBITDA



Pepco

Pepco FY24 sales grew at +14.2% driven by the annualisation of store openings in FY23, along with the in-year impact of opening 331[1] net new stores in FY24. This took the total number of Pepco stores to 3,781, with new space growth of +11%. LFL revenues landed at -2.8% for the year, albeit showed a steady improvement quarter-on-quarter, exiting the year in positive territory.

In FY24, Pepco did not enter any new territories, as management focused its attention on rebuilding profitability in its core CEE region, alongside tighter capital investment and delivering operational improvements. We continued the expansion into Western Europe, but at a slower pace than in FY23, with 99 new stores opened (vs. 302 in FY23), predominately in Italy (+42) and Spain (+29). In February 2024 the group announced the exit from Austria, as the market had not achieved the level of profitability that was expected and to focus management's attention on driving results in more profitable markets.

As we move into FY25, we are seeing some early signs of recovery driven by better performance of our key value items in GM and clothing, reflecting better prices alongside improved stock availability in our stores.

FY24 Underlying operating costs (IFRS 16) in Pepco has increased by 20.1% year-on-year in absolute terms. A large portion of this relates to the expansion of the estate, inflationary pressures, cost associated with upgrading capacity and capability in specific teams and investment in strategic projects.

Pepco's FY24 underlying EBITDA (IFRS 16) increased by 41.7% to €785m (FY23: €554m), with the underlying EBITDA margin expanding 400bps year-on-year to 20.4%. This was driven by gross margin improvements, partly offset by cost headwinds. On a pre-IFRS 16 basis, FY24 underlying EBITDA was €504m, up by 48.7% versus FY23.

1 The opening balance of 3,523 Pepco stores (as at 30 September 2023) has been restated to 3,450 to account for the 73 discontinued Austria stores. This is made up of the 53 stores as at the end of FY22 taken out of the FY23 opening balance and 20 stores opened in FY23.

Pepco

Revenue

€3,853m +14.2%

FY24 €3,853m

FY23 €3,375m

LFL

-2.8%

FY24 -2.8%

FY23 6.2%

Gross margin

46.9% +530bps

FY24 46.9%

FY23 41.6%

EBITDA

20.4% +400pbs

FY24 20.4%

FY23 16.4%

EBITDA pre-IFRS

13.1% +300bps

FY24 13.1%

FY23 10.1%

Poundland

Poundland's FY24 performance was characterised by a weak performance in LFL sales (-3.6%). The main driver of LFL sales underperformance was led by GM (-9.1%) and clothing (-19.1%), following the transition to Pepco-sourced ranges at the beginning of the year. FMCG, which is 67% of Poundland's sales mix, delivered +1.6% LFL sales for the year, with consumers continuing to experience pressure from macroeconomic factors.

Issues with Poundland's new Pepco-sourced ranges include the new clothing offer not fully replicating the previous depth of Poundland's men's and women's ranges, coverages across sizes, as well as relatively low unit prices. In GM, the offering did not resonate with the UK consumer, and some of the more traditionally relevant products and categories, such as stationery and gardening, being phased out, or with reduced space allocation in stores.

Stock shrink also become a material issue for Poundland, rising to c. €52m in FY24, up 30% over the last two years. Management is committed to putting measures in place to minimise the impact of this widespread industry trend, while also seeking to ensure the safety of our store-based colleagues.

Gross margin for the year expanded by 100bps, following better margin from the Pepco ranges and benefits from reduced container costs. Further margin benefits were limited by the mix impact from a disappointing performance in GM and clothing.

Operating costs (IFRS 16) as a percentage of sales increased by 300bps to 30.9%. This is due to provision releases in FY23, compounded by inflationary pressures across FY24, predominately due to UK wage inflation. SG&A cost increases in Poundland were driven by one-off adjustments in FY23 that were not repeated in FY24, increased Oracle running costs following the full deployment on this system in Poundland, and one-off marketing costs related to a TV campaign.

Poundland reported FY24 EBITDA (IFRS 16) of €153m, below the prior year at €195m. EBITDA margin declined by 220bps to 7.6%. Pre-IFRS 16 EBITDA was €28m in FY24, falling by 62.7% due to sales underperformance, provision movements and year-on-year inflationary cost increases.

Poundland

Revenue

€2,006m +0.2%

FY24	€2,006m
FY23	€2,001m

LFL

-3.6%

FY24	-3.6%
FY23	5.5%

Gross margin

38.6% +100bps

FY24	38.6%
FY23	37.6%

EBITDA

7.6% -220bps

FY24	7.6%
FY23	9.8%

EBITDA pre-IFRS

1.4% -240pbs

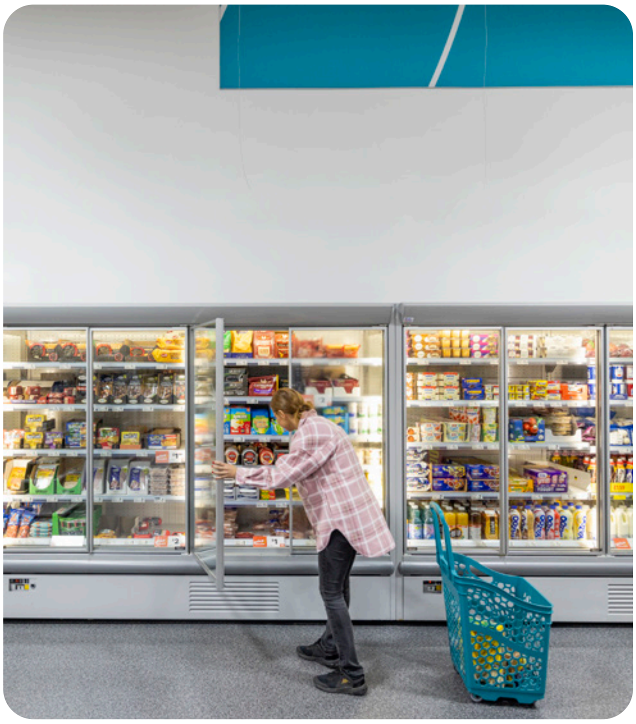
FY24	1.4%
FY23	3.8%

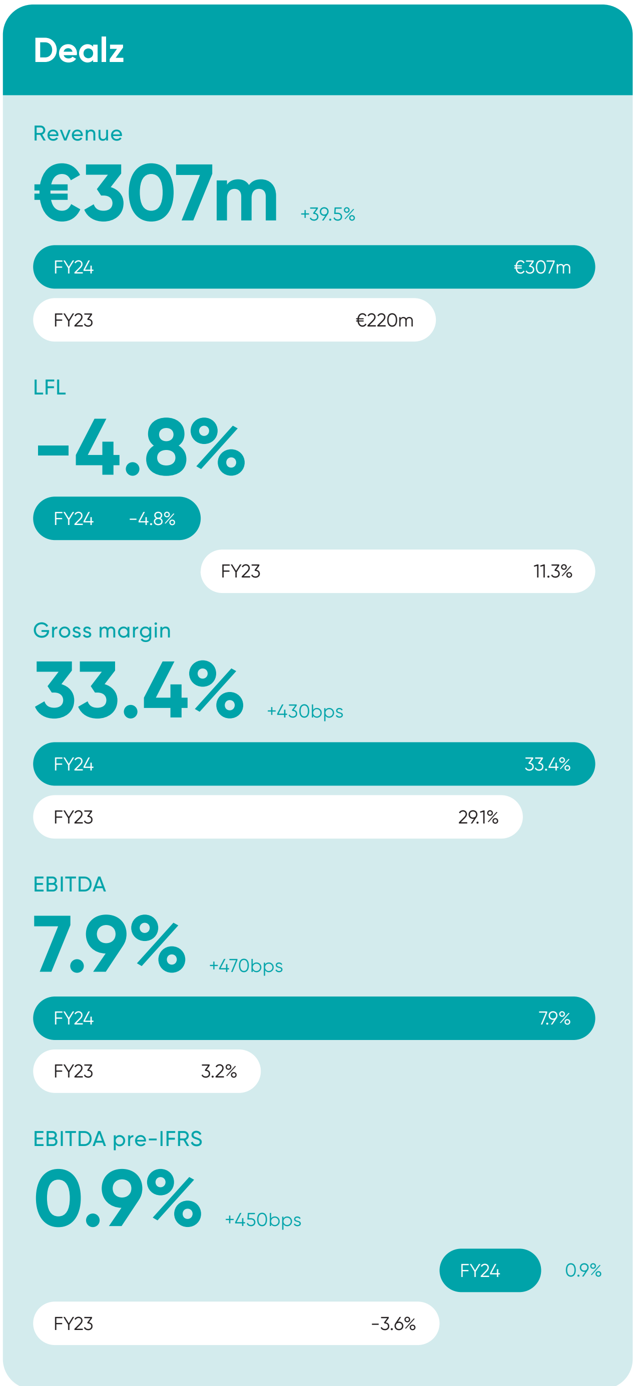
Dealz

Similar to Pepco, Dealz delivered strong sales growth of 39.5%, driven by space growth, as LFL sales landed at -4.8%. Dealz added 48 net stores during the year, all in Poland, the only country in which the company now operates. The negative LFL sales result was driven by the weak performance in GM (-11.9%) as a result of the transition to Pepco-sourced ranges at the beginning of the year. FMCG also performed below expectations with a LFL of -2.8%, impacted by a highly competitive food market in Poland.

Gross margin for the year expanded by 430bps to 33.4%. This was driven by FX benefits as a result of the relative strength of the Polish zloty against Dealz' buying currencies. IFRS 16 operating costs as a percentage of sales improved by 40bps to 25.5%, driven by sales leverage, helping to offset the absolute increase in the cost base (+€21m) as a result of the store expansion, as well as other inflationary pressures.

At an IFRS 16 level, Dealz EBITDA increased by €17m, to hit €24m in FY24, driven by revenue growth. This represents a 470bps EBITDA margin expansion year-on-year. FY24 pre-IFRS 16 EBITDA was €3m, increasing from a EBITDA of €(8)m in FY23.





Profit before tax

FY24 Group statutory loss before tax was €554m (FY23: profit of €159m), driven principally by the non-cash impairment of Poundland. At an underlying level, FY24 Group underlying PBT increased by 26.6% to €271m (FY23: €214m).

Our effective interest rate has increased to 6.85% (FY23: 3.75%) due to our secured bond incurring interest of 7.25% and other debt facilities being subject to variable interest rates which have increased year on year. These facilities, including the increased revolving credit facility (RCF) from €190m to €390m, provide additional liquidity given the ongoing growth and expanding scale of the business.

Taxation

In FY24 the Group's tax charge was €108m (FY23: €50m), representing an effective tax rate of -19.4% (FY23: 31.8%). Our effective tax rate is significantly distorted by non-underlying items and the de-recognition of previously recognised deferred tax assets, with the Group's underlying effective tax rate in FY24 being 33.8% (FY23: 26.8%).

	FY24		
€m	Underlying	Non-Underlying	Reported
(Loss)/profit before taxation	**271**	**(825)**	**(554)**
Taxation (charge)/credit	**(92)**	**(16)**	**(108)**
(Loss)/profit after taxation	**179**	**(841)**	**(662)**
Effective tax rate	**33.8%**	**-1.9%**	**-19.4%**

	FY23 (restated)		
€m	Underlying	Non-Underlying	Reported
(Loss)/profit before taxation	214	(55)	159
Taxation (charge)/credit	(57)	7	(50)
(Loss)/profit after taxation	157	(48)	108
Effective tax rate	26.8%	12.3%	31.8%

In our five largest operating markets of the UK, Poland, Spain, Romania, and Czechia, the headline rate of corporate tax is currently 25%, 19%, 25%, 16%, and 21% respectively, with performance in each operating territory impacting our effective tax rate.

Non-underlying items

In FY24 non-underlying items totalled €825m (FY23: €55m) including:

- €775m relating to the non-cash impairment of Poundland (primarily goodwill)
- €29m relating to ERP Software-as-a-Service (SaaS) costs which is considered to be unusual and material costs by nature
- €16m relating to the fraud in Hungary
- €4m relating to Poundland restructuring
- €1m relating to the Value Creation Plan (VCP) scheme

Other than the fraud in Hungary the other non-underlying items are consistent with prior reporting.

Discontinued operations

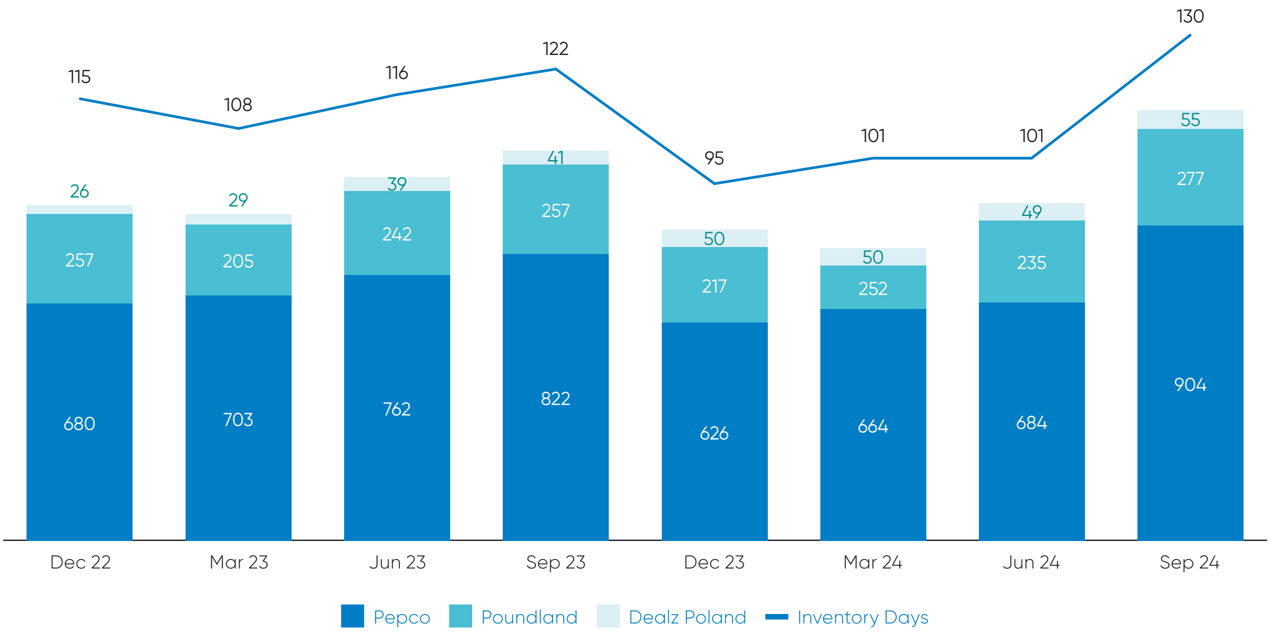
The Group announced on 19 February 2024 that it would cease its operations in Austria. The Group entered the market in 2021 and operated 73 Pepco stores in the country. The decision to discontinue these operations was made as part of the Group's review of performance across all its markets. Austria has been classified as a discontinued item in the accounts. In total, the Austria exit led to a non-cash loss on discontinued operations of €48.5m, largely reflecting impairment of loans and receivables payable to other subsidiaries of the Group.

Balance Sheet review

We saw growth in core balance sheet items such as "Property, plant and equipment", and "Right of use assets" which are largely driven by additions from our continued store expansion program. Additions totalled €205m and €403m respectively for these line items.

On an annual basis, we are obliged to perform an impairment analysis of the goodwill held on the Group's balance sheet to determine if the carrying value can be recovered. As a result of the significant deterioration in Poundland's performance, resulting from the weak execution to Pepco-sourced clothing and GM ranges, along with slower growth prospects, increased

Group stock holding (€m) FY23–FY24



Balance Sheet review (continued)

competition and a higher cost outlook in the UK following the recent budget, we have fully impaired the goodwill of €725m recognised on the acquisition of Poundland. We have also recognised an impairment of €38m relating to the Poundland brand as well as €13m of impairments related to fixed assets.

Inventory increased by 10.3% to €1,235m in FY24 (FY23: €1,120m), representing an increase in stock days from 122 to 130. Stock holding has increased due to continued growth in store numbers and in bringing forward stock purchases into Q4 earlier than last year in order to ensure the Group is ready for the peak Christmas trading period.

Financing

Following the issue of an inaugural Eurobond in FY23 to refinance our earlier Term Loan A, there were no financing events in FY24. However, we did exercise our option to extend the maturity of our €390m Revolving Credit Facility (RCF) by a year from April 2026 to April 2027.

The ratings agencies maintained their corporate ratings on the company as follows: Fitch at 'BB', Moody's at 'Ba3' and S&P Global at 'BB-', in line with our key peers.

As of 30 September 2024, the Group's total gross external debt (excluding lease liabilities) was €620m, and made up as follows:

- €375m 7.25% bond due 2028
- €250m Term Loan B due 2026
- Zero drawn on the Company RCF
- €7m finance leases
- Less €12m of debt issuance costs which have been capitalised

Cash at 30 September 2024 was €363m, €33m higher than prior year, partly reflecting pay down of our RCF, resulting in a net financial debt position of €256m (FY23 €411m). Our net debt to underlying LTM EBITDA leverage ratio is as follows:

- 0.5x on a pre-IFRS 16 basis (excluding leases)
- 1.7x on an IFRS 16 basis (including leases)

This puts our leverage at the lowest level since Pepco Group's IPO in 2021 and significantly below our covenant levels. This outturn reflects much stronger discipline and focus on cash and balance sheet management.

Net external finance expenses increased from €80m in FY23 to €109m in FY24. Of this, non-lease related interest costs increased by €12m to €32m, an effective interest rate of 6.85%.

Cash flow review

Pepco Group (€m)	FY24	FY23	YoY
Cash generated by Operations (reported)	**906**	732	+174
Lease payments (IFRS 16 Payments and Interest)	**(442)**	(380)	(62)
Tax Paid	**(85)**	(75)	(10)
Net Cash from Operations (pre-Capex)	**379**	276	+103
Capex	**(212)**	(382)	+170
Free Cash Flow	**168**	(106)	+274
Funding and investment activities	**(164)**	84	(248)
Net Cash Flow	**3**	(22)	+25
Effect of exchange rate fluctuations	**30**	9	+21
Cash and cash equivalents at the beginning of the period	**330**	344	(14)
Cash and cash equivalents at the end of the period	**363**	330	+33
Net debt (pre-IFRS 16)	**256**	411	(155)
Net debt: underlying EBITDA (pre-IFRS 16) multiple (leverage)	**0.5x**	1.0x	(0.5x)
Current ratio	**1.0**	0.9	+0.1

Free cash flow improved by €274m to €168m in FY24, allowing a repayment of borrowings. There was a small improvement in working capital, with an increase in supply chain financing offset by higher year-end inventory.

Lease payments of €442m grew 16.2% year-on-year, reflecting the growth in the store portfolio.

Capex was significantly lower for FY24 at €212m (FY23: €382m) reflecting greater investment discipline along with a slower store roll-out, fewer store refits and a focus on our core CEE markets. In FY24, capex represented 3.4% of revenues and the principal areas of expenditure were as follows:

- €129m was invested in opening 509 gross new stores (FY23: 806 gross new stores). This included 84 stores in the UK & ROI, 166 in Poland, 160 in CEE and 99 in Western Europe. UK expansion was largely driven by the opening of a number of stores obtained via the collapse of Wilko.
- €40m was invested in store refit programmes.
- €22m was invested in IT.
- €12m was invested in supply chain infrastructure principally relating to the opening of a new DC in Spain.
- The remaining €9m investment relates to maintenance capex, largely store upkeep.

Neil Galloway
Chief Financial Officer
20 December 2024

Our ESG strategy

Introduction:

In today's world, customers, employees, and investors increasingly expect businesses to contribute positively to society and the environment. At Pepco Group, we understand the importance of sustainable business practices. This report highlights our ongoing efforts to integrate sustainability into every aspect of our operations – from reducing our environmental footprint, to ensuring fair and safe working conditions, and maintaining strong governance practices. We are building a retail business that not only meets the needs of today but also contributes to a more sustainable and equitable future for all. Our focus is on providing value to our customers, driving sustainability into every price point and product offering. We believe in the democratisation of sustainability – so everyone can participate in protecting the planet and supporting decent working conditions – no matter the size of their budget.

We report our ESG progress on an annual basis. This ESG report covers the 12-month period from 1 October 2023 to 30 September 2024. The organisational structure of Pepco Group comprises the following: Pepco, Dealz, Poundland, PGS. Following the introduction of the EU Corporate Sustainability Reporting Directive (CSRD), Pepco Group will be required to report according to the European Sustainability Reporting Standards (ESRS) for the first full financial year data set after January 2024. Due to Pepco Group's financial year, that means our first report will follow the close of our FY25 financial year (1 October 2024-30 September 2025). We will complete an EFRAG-aligned Double Materiality Assessment in Q1 FY25 and assure the process as preparation for our CSRD disclosure in 2025. As part of our transition to a low-carbon economy, we include our annual EU Taxonomy report in this report Our climate-related financial disclosures started with our UK operating company, Poundland, in 2023. Further detailed information on the internal processes and programmes that we have developed to manage our impacts (and those on us) can be found in the ESG section of our website.

We welcome stakeholder feedback on our ESG reporting – please contact investorrelations@pepcogroup.eu.

Launching our new 2030 ESG strategy:

As we navigate the evolving landscape of global business, the urgency of addressing environmental and social challenges such as climate change or social inequity is very clear. At Pepco Group, we recognise that the path to long-term success lies in our ability to innovate and adapt to these challenges. That's why we have developed a new sustainability strategy, representing a bold step forward in our commitment to building a more sustainable and equitable future. It is designed to integrate social responsibility and environmental sustainability deeply into every facet of our operations, from how we source products, how we operate and how we engage with customers and communities. Our approach is guided by three core pillars: **Planet**, **People** and **Product**, each of which is underpinned by specific, measurable goals that align with global sustainability standards and disclosure requirements. Our 2030 ESG strategy will deliver our mission to demonstrate that price is not a barrier to sustainable and ethically produced products.

In FY24, the Board approved this new five-year ESG strategy (2025-2030) which applies across the whole Group. The three core pillars enable us to map better to material topics identified by stakeholders through double materiality assessments. The timing for launching a new strategy works well – our UK business, Poundland, concluded its previous five-year sustainability action plan (2019-2024) this year.

The strategy simplifies our previous strategy while maintaining the same key aspects:

New 2030 strategy	Previous strategy
Planet	Greener environment
People	Exceptional employer Most valued supply chain Stronger society
Product	Better products
Underpinned by strong governance	Resilient business

Planet	People	Product
Reduce our carbon footprint	Develop our people	Use responsibly sourced materials in products
Use less materials	Care for our colleagues	
Minimise waste		

Revised targets:

To align with the EU CSRD requirements, we have established the following targets to measure progress against our strategy. The targets were developed with senior leaders and key functional groups within the business and then approved by the Group Executive Committee and the Board.

In each case the targets:

- align to our new 2030 five-year strategy (Planet, People and Product);
- align to material topics which will be assessed in early FY25 in an ESRS-aligned Double Materiality Assessment (DMA);
- align to CSRD reporting requirements; and
- use FY24 as the baseline against which we will measure future progress.

The table shows how we map strategy across targets, KPIs, materiality and future CSRD disclosures. The definitions and baselines of each target are described in the subsequent sections of this report.

Planet targets	KPIs	Link to FY23 material topic	Related CSRD ESRS topical standards
Reduce scope 1 and 2 carbon emissions by 50% by 2030	Scope 1 and 2 emissions	Climate and emissions	Standard E1: climate change
Reduce supply chain carbon emissions by 25% by 2035	Scope 3 emissions	Responsible supply chain (environment)	
100% of own-brand product packaging designed for circularity by 2030	% of product packaging that is recyclable	Waste and packaging	Standard E5: resources and circularity
	% reduction product packaging intensity	Waste and packaging	Standard E5: resources and circularity
Reduce operational waste by 20% by 2030	Tonnes of operational waste	Waste and packaging	Standard E5: resources and circularity
People targets			
100% of employees can participate in feedback channels by 2030	Engagement survey score	Employment	Standard S1: own workforce
40% women in senior positions by 2030	% of women in top three leadership levels		
100% Pepco own-brand products are ethically sourced by 2030	% of own-label products made in Category 1, 2 and 3 factories by 2030	Responsible supply chain (social)	Standard S2: value chain workers
Product target			
Increase responsibly sourced materials to at least 30% in own-brand products by 2030	% of certified cotton in own-brand range by 2030	Responsible supply chain (environment)	Standard E5: resources and circularity

Planet – Environment

Pepco Group is committed to minimising our environmental impact and advancing sustainability across our operations. We have embedded environmental stewardship into our business practices and decision-making processes. In this section, we outline our approach to environmental sustainability through our strategic pillar, Planet. We recognise that addressing environmental challenges requires us to not only reduce our own footprint but also to work collaboratively with our stakeholders, including suppliers, customers, and communities.

Planet strategic pillar:

Priorities
- Reduce our carbon footprint
- Use less materials
- Minimise waste

Policies
- Pepco Group Environment Policy
- Pepco Group Packaging Policy

Associations and accreditations
- Responsible Business Forum Poland
- Forestry Stewardship Council (FSC)
- PEFC – Programme for the Endorsement of Forest Certification
- Oeko-tex® Standard 100 – certification for textile product safety including organic cotton

SDGs
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

Our activities generate greenhouse gas (GHG) emissions through our operations (stores, warehousing and shipping), products and product packaging. We are committed to minimising the environmental impact involved in the manufacturing, transportation, storage and consumption of the products we sell.

As part of our new 2030 ESG strategy, we have set new Group-wide goals against which we will measure progress. In this first year of Scope 3 baseline calculation, we have used transaction data to get a spend analysis and identify hotspots. The data comes from supplier invoices and covers purchased products and services, capital goods, upstream transport and distribution, and business travel. Moving forward, we will collect actual carbon data from key suppliers (starting with top annual spend) which will provide an increasingly accurate picture of progress against our goals.

Reducing our carbon footprint
In FY24, we have established baselines for Pepco Group across scopes 1, 2 and 3.

	Tonnes CO_2e	% of total emissions
Scope 1	20,477	1%
Scope 2	129,099	4%
Scope 3	2,944,536	95%

The significant increase in absolute emissions from FY23 to FY24 is due to a number of factors, several of which are one-off actions in FY24:

- We continue to improve and extend our carbon reporting. We have closed several reporting gaps from FY23 to include less estimations and more actual data, for example the employee car fleet in Pepco and Dealz Poland store heating emissions.
- For several months in FY24, our new Spanish distribution centre was generating electricity from on-site diesel generators while waiting for connection to the national grid, resulting in much higher emissions than expected from 76,364 litres of diesel. Going forward, all our Spanish operations (office, stores and DC) will source renewable electricity.
- In FY24, Poundland took over 61 stores from Wilko. These stores had a non-renewable gas energy contract and increased Poundland's scope 1 stationary combustion carbon emissions by 270% from FY23. Scope 1 emissions from diesel transport also increased due to the increase in store footprint.
- More stores were opened in high carbon-emitting countries: 50% of net new store openings were in Poland, Czechia, Serbia and Bosnia. The electricity in these countries is predominantly generated from coal which has a carbon emission factor of 0.806 tCO_2e vs natural gas (Italy: 0.455 tCO_2e) or renewable electricity (Spain: 0.134 tCO_2e).

FY24: absolute and intensity results scope 1 and 2	FY22	FY23	FY24	% change FY23-FY24
Absolute tCO_2e	106,214	101,674	**149,600**	+ 32%
Intensity tCO_2e/€m turnover	22.0	18.0	**24.0**	+ 25%

We have established the following absolute GHG emissions reduction goals which have been approved by both the Executive Committee and the Board:

1. Reduce scope 1 and 2 carbon emissions by 50% by 2030 (against a FY24 baseline).
2. Reduce supply chain carbon emissions by 25% by 2035 (against a FY24 baseline).

These goals form interim targets for our net zero strategy as described in the next section. Progress against the goal on Scope 1 and 2 emissions reduction forms part of the 10% ESG element of the Executive LTIP performance conditions.

Net zero strategy

The Pepco Group net zero strategy was agreed by our Board and senior business leaders early in 2024. Our long-term ambition is to reach net zero as defined by the Science-Based Targets Initiative (SBTi). The SBTi's Corporate Net Zero Standard enables companies to set robust and credible net zero targets in line with a 1.5°C future. Net zero focuses on reducing GHG emissions as much as possible before neutralising any emissions that cannot be avoided using permanent carbon dioxide removals.

Pepco Group net zero goals

Scope 1	Net zero 2035	Net zero 2050
Scope 2	Net zero 2040	
Scope 3	Net zero 2050	

Progress against these long-term goals is supported by the ESG 2030 strategy carbon emissions interim goals described above. The table below describes how we intend to reach net zero interim and long-term goals. Further details will be described in our Climate Transition fact sheet available in the ESG section on our website.

Pepco Group net zero carbon transition action plan

1. Emission reduction targets:

Pepco Group commits to ambitious and science-based emission reduction targets encompassing scope 1, scope 2, and scope 3 emissions.

Targets will be set in accordance with the latest climate science and will be regularly reviewed to ensure alignment with global efforts to limit temperature rise.

2. Renewable energy adoption:

Pepco Group will transition to 100% renewable energy for its operations. This involves investing in on-site renewable energy projects, purchasing Renewable Energy Certificates (RECs), and exploring Power Purchase Agreements (PPAs) for renewable energy sources.

3. Energy efficiency measures:

Implementation of energy-efficient technologies and practices to reduce overall energy consumption. Regular assessments will be conducted to identify emerging efficiency solutions.

4. Supply chain engagement:

Collaborative efforts with suppliers to set emission reduction targets and promote sustainable practices.

5. Innovation and research:

Partnering in research and development to explore and adopt innovative technologies that contribute to emissions reduction.

6. Circular economy practices:

Integration of circular economy principles into product design, manufacturing, and end-of-life management to minimise waste and reduce environmental impact.

7. Employee and stakeholder engagement:

Inclusive programmes to educate and engage employees, customers, and other stakeholders in sustainable practices. Regular communication will keep all stakeholders informed about our progress and goals.

8. Reporting and transparency:

Pepco Group is committed to transparently reporting its progress toward net zero goals. This includes regular disclosure of emission data, progress against targets, and the impact of sustainability initiatives.

9. Offset and removal strategies:

Where emissions cannot be eliminated by other means, Pepco Group will invest in high-quality carbon offset projects and explore carbon capture technologies.

Resources and circularity

Beyond GHG emissions, the Planet pillar within our 2030 strategy sets targets with regard to packaging and waste as part of our priorities to use less materials and reduce waste, contributing to a low-carbon circular economy.

At Pepco Group we focus on reducing resource consumption by designing our own-brand product packaging for circularity and minimising weight. We define "packaging designed for circularity" as packaging that is designed to be easily reused, recycled, or composted to ensure that materials are kept in use for as long as possible. We emphasise the use of fewer resources by setting a goal to reduce packaging weight and volume while maintaining product protection and usability. In addition, we request recycled content in our product specifications and use standard labelling to indicate how and which materials can be easily recycled by consumers.

Our revised packaging goals are designed to be more specific and measurable and will enable us to track progress more effectively:

1. 100% of own-brand product packaging is designed for circularity by 2030
2. 20% reduction in product packaging intensity by 2030.

Planet – Environment continued

Resources and circularity continued

Goal	KPI	FY23	Baseline FY24
100% of own-brand[1] packaging designed for circularity by 2030	% of packaging that is reusable, recyclable or compostable	New goal in FY24	99.4%
	% reduction packaging intensity	New goal in FY24	0.053 kg/ unit sold

1 Own-brand is defined as products offered to consumers under the Pepco, Poundland and Dealz brands, and manufactured by selected suppliers with design, qualities and packaging specified by Pepco Group.

Our FY24 baseline for recyclable own-brand packaging is already high. The goal will ensure that we maintain this performance and focus on recyclable materials in our own-brand packaging. We will therefore concentrate our efforts on reducing the overall amount of packaging around our own-brand products. The combination of the two goals will bring attention to the reduction of packaging weight, while discouraging any regrettable substitutions with lightweight, but difficult to recycle materials.

Waste

The Group's activity generates waste through both products and product packaging in the supply chain, in store, distribution and office operations and through waste in customer households.

As part of our 2030 ESG strategy, we have a new, Group-wide goal for operational (store, distribution and office) waste reduction.

Goal	KPI	Baseline FY24
By 2030, reduce operational waste by 20% by 2030 from a FY24 baseline	Tonnes of operational waste	115,291 tonnes

EU Taxonomy

The EU Taxonomy is a classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050 and the broader environmental goals other than climate. Under the Taxonomy, economic activities that qualify as environmentally sustainable are those that: (i) contribute substantially to any one of six environmental objectives using science-based criteria; (ii) cause no significant harm to any of the other environmental objectives; (iii) ensure compliance with minimum social safeguards; and (iv) meet the technical eligibility screening criteria that have been set by the Commission. Companies must disclose specific KPIs – turnover, capital expenditure (capex) and operating expenditure (opex) – which indicate the portion of their economic activities which are environmentally sustainable.

For the period under review, activities which contribute to one or more of the following six environmental objectives are in scope for reporting: (i) climate change mitigation; (ii) climate change adaptation; (iii) Sustainable use and protection of water and marine resources; (iv) Transition to a circular economy; (v) Pollution prevention and control; and (vi) Protection and restoration of biodiversity and ecosystems.

Approach

In order to present the required KPI disclosures we have assessed our activities in terms of Taxonomy eligibility and Taxonomy alignment under the following methodology:

- Step 1: Identify activities eligible under the Taxonomy (Taxonomy-eligible activities) – as in the previous year, all activities listed in the Taxonomy were analysed in terms of revenue, capex and opex
- Step 2: Identify activities that are eligible and aligned under the Taxonomy (Taxonomy aligned activities) – review eligible activities against the Taxonomy's substantial contribution criteria and "do no significant harm" (DNSH) principle to assess whether the activity meets the technical screening criteria.

Activities are aligned to one of the six environmental objectives as outlined above, ensuring no double counting between objectives.

The following accounting principles have been applied to determine turnover, opex and capex KPIs relevant to the Taxonomy disclosures:

- Turnover: total turnover corresponds to net sales in the consolidated income statement in the financial report. For further information about turnover, please see the Group's income statement in this report.
- Capex: covers additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator shall also cover additions to tangible and intangible assets resulting from business combinations.
- Opex: covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets

Eligibility assessment

Following a review of activities listed in the Taxonomy, it was concluded that the main revenue-generating activity of the Pepco Group – retail of FMCG, GM and apparel goods – is not included in the taxonomy activities and is therefore out of scope. As a result 0% eligible turnover is reported for this activity and eligible capex and opex related to this activity is also 0%.

However, capex and opex spend on activities related to the purchase of output from taxonomy-eligible economic activities that support our core activity was identified. This capex spend relates to the following categories:

- 7.3 Installation, maintenance and repair of energy efficiency equipment – installation and replacement of energy efficient air conditioning units in Poundland stores and installation of energy efficient LED lighting in Pepco and Poundland stores.
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) - installation of electric vehicle charging points at our Poundland head office and warehouse sites.
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings – installation of smart meters and other building and equipment management systems which improve energy efficiency.

The percentage of eligible capex is calculated by dividing the Taxonomy-eligible capex by total capex as described above. The percentage of eligible opex is calculated by dividing the Taxonomy-eligible opex by total opex as described above.

Alignment assessment

For an activity to be taxonomy-aligned, it must meet three conditions (i) Substantially contribute to at least one of the six environmental objectives outlined above, by meeting the Taxonomy's technical criteria; (ii) Do No Significant Harm (DNSH) to any of the other environmental objectives and (iii) comply with minimum social and governance safeguards, such as human rights, labour rights, and anti-bribery regulations.

In order to meet the DNSH criteria companies must complete a climate risk assessment. The Group has not completed a climate risk assessment in line with the Taxonomy's DNSH criteria. It is therefore not possible to conclude that any Taxonomy-eligible activities meet the alignment criteria and therefore Taxonomy-aligned turnover, opex and capex is 0%.

The KPIs required to be reported under the Taxonomy are set out in the tables on the following pages.

Our contribution to environmentally sustainable activities

We have concluded that our main activity (retail of FMCG, GM and apparel goods) is not in the activities listed in the Taxonomy, and consequently our Taxonomy-eligible turnover and opex is 0% and Taxonomy-eligible capex is 3%, falling from 4% in FY23, reflecting lower spend on energy efficient infrastructure as store upgrade programmes for LED lighting in Pepco and air conditioning unit installation in Poundland tail-off as an increasing proportion of the store portfolio has been upgraded over time. Taxonomy-eligible opex of 0% is in line with the previous year.

We believe our commitment to conducting business in an environmentally sustainable way, as described in this section, enables the Group to make a broader contribution to the EU's environmentally sustainable objectives. It should be noted that the Taxonomy is subject to periodic revisions, which in the future may define a separate category and specific technical qualification criteria for activities. For the time being, the Group has provided the appropriate disclosures in relation to its supporting activities that are included in the Taxonomy.

In order to ensure compliance with Taxonomy reporting requirements in the future, we will continue to monitor updates to the existing regulation and inclusion of new economic activities as well as reviewing our approach to climate risk assessments in order to meet the DNSH criteria.

We will continue to review the way in which information is classified and organised by Group companies in our finance and IT systems. We will also identify opportunities for improvement in collecting and managing information to enable better reporting in the future.

Planet – Environment continued

Taxonomy KPIs

TURNOVER				Substantial Contribution Criteria						DNSH criteria									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned or eligible proportion of turnover, year N-1 (18)	Enabling activity (19)	Transitional activity (20)
		EUR m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
N/A	N/A	Nil	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%	–	–
A.1 Turnover of environmentally sustainable activities (Taxonomy-aligned)	**N/A**	**Nil**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	**–**	**–**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
N/A	N/A	Nil	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
A.2 Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**Nil**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Total (A.1+A.2)		**Nil**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		

B. Taxonomy non-eligible activities		
Turnover of Taxonomy non-eligible activities	6,166.7	100%
Total (A+B)	**6,1667**	**100%**

Proportion of Taxonomy turnover/total turnover[1]

	Taxonomy aligned	Taxonomy eligible
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

1 The following abbreviations have been used in the table above: Climate Change Mitigation (CCM); Climate Change Adaptation (CCA); Water and Marine resources (WTR); Circular Economy (CE); Pollution Prevention and Control (PPC); Biodiversity and Ecosystems (BIO).

CAPEX				Criteria for significant contribution						DNSH Criteria									
Economic Activities (1)	Code (2)	Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned or eligible proportion of Capex, year N-1 (18)	Enabling activity (19)	Transitional activity (20)
		EUR m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
N/A	N/A	Nil	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%	–	–
A.1 Capex of environmentally sustainable activities (Taxonomy-aligned)		**Nil**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	**–**	**–**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Installation, maintenance and repair of energy efficiency equipment	7.3	6.1	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.4	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
A.2 Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**6.5**	**3%**	**3%**	**0%**	**0%**	**0%**	**0%**	**0%**								**4%**		
Total (A.1+A.2)		**6.5**	**3%**	**3%**	**0%**	**0%**	**0%**	**0%**	**0%**								**4%**		

B. Taxonomy non-eligible activities		
Capex of Taxonomy non-eligible activities	205.2	97%
Total (A+B)	**211.7**	**100%**

Proportion of capex turnover/total capex[1]

	Taxonomy aligned	Taxonomy eligible
CCM	0%	3%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

1 The following abbreviations have been used in the table above: Climate Change Mitigation (CCM); Climate Change Adaptation (CCA); Water and Marine resources (WTR); Circular Economy (CE); Pollution Prevention and Control (PPC); Biodiversity and Ecosystems (BIO).

Planet – Environment continued

Taxonomy KPIs continued

OPEX				Substantial Contribution Criteria						DNSH criteria									
Economic Activities (1)	Code (2)	Opex (3)	Proportion of Opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned or eligible proportion of Opex, year N-1 (18)	Enabling activity (19)	Transitional activity (20)
		EUR m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
N/A	N/A	Nil	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0%	–	–
A.1 Opex of environmentally sustainable activities (Taxonomy-aligned)		**Nil**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**	**–**	**–**
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Installation, maintenance and repair of energy efficiency equipment	7.3	0.1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.2	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
A.2 Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**0.4**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Total (A.1+A.2)		**0.4**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		

B. Taxonomy non-eligible activities		
Opex of Taxonomy non-eligible activities	2,371.4	100%
Total (A+B)	**2,371.8**	**100%**

Proportion of Taxonomy opex/total opex[1]

	Taxonomy aligned	Taxonomy eligible
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

1 The following abbreviations have been used in the table above: Climate Change Mitigation (CCM); Climate Change Adaptation (CCA); Water and Marine resources (WTR); Circular Economy (CE); Pollution Prevention and Control (PPC); Biodiversity and Ecosystems (BIO).

Nuclear and fossil gas-related activities

Nuclear energy-related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas-related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Article 8 (6), (7) and (8) of the Delegated Regulation 2022/1214 obliges non-financial undertakings to make relevant disclosures concerning their nuclear and fossil gas related activities. To meet this obligation, the Group presents the necessary information in the table above, including its turnover, capex and opex KPIs for nuclear and fossil gas related activities. The Group is not exposed to nuclear and fossil gas-related activities and therefore does not include any additional data.

People – Social

Pepco Group is a multinational company operating across a wide range of geographies and jurisdictions. Strong business ethics and accompanying policies help to maintain responsible practices, protect human rights across the Group and value chain and uphold our reputation with our stakeholders. We are aware of the potential impact that any breach of ethical standards could have on the wellbeing and livelihoods of both our own employees and the people within our supply chain.

People strategic pillar

Priorities
- Develop our people
- Care for our colleagues

Associations and accreditations
- Ethical Trading Initiative aligned
- SEDEX: global data platform for supply chain assessment

Policies
- Anti-Bribery and Corruption
- Supplier Code of Conduct
- Pepco Group Human Rights policy
- Child Labour Remediation policy
- Factory Audit policies
- Whistle Blowing policy

SDGs

As part of our 2030 ESG strategy, we have established new goals and baselines to disclose and measure progress:

Goals	KPIs	FY23	Progress/ Baseline FY24
100% of employees can participate in feedback channels by 2030	Engagement survey score	Poundland only: 78% response rate	**Pepco, PGS and Group only: 88% response rate**
40% women in senior positions by 2030	% of women at top three leadership levels[2]	New goal in FY24	**28%**
100% of Pepco own-brand[1] products are ethically sourced by 2030	% of own-label products made in Category 1, 2 and 3 factories[3]	New goal in FY24	**97%**
Perform annual audit of our factories	% of factories audited against our audit plan[4]	100%	**100%**

These new goals address our key intentions to effectively engage with employees, to promote diversity and inclusion in our Group and to ensure that we uphold and extend ethical standards across our supply chain.

1 Own-brand products = products offered to consumers under the Pepco, Poundland and Dealz brands, and manufactured by selected suppliers with design, qualities and packaging specified by Pepco Group.
2 Top three leadership levels = business leaders at Group level: CEO, CEO-1 and CEO-2 plus operating company management teams.
3 Category 1, 2 and 3 factories are defined as having no-risk to medium-risk issues and are approved for new business with Pepco Group. Business restrictions are imposed on factories with Category 4 and 5 grading for having high-risk or critical issues. Factories need to submit a Corrective Action Plan for all high-risk issues identified during the audit.
4 Defined as the percentage of social and ethical audits completed by our Group sourcing compliance team against the annual audit plan.

Own workforce

As a large retail organisation with 47,760 colleagues in direct operations across 20 countries, we recognise the essential role our people play in driving growth. We are committed to creating an environment where everyone feels valued, supported, and empowered to achieve their best. We actively encourage internal career progression and personal development. Our commitment spans the entire Group, ensuring all colleagues, regardless of role or location, benefit from competitive pay, career opportunities, inclusive policies, and effective engagement. In FY24, we have extended our reporting capabilities in preparation for CSRD ESRS S1 disclosures in FY25.

Employees

FY24	Female	Male	Total
Employed for a definite period of time	9,577	690	10,267
Employed indefinitely	29,836	7,657	37,493
Number of employees, by type of employment:			
Full time	25,311	4,151	29,462
Part-time	14,102	4,196	18,298
	39,413	8,347	47,760

New employee hires and employee turnover

	FY24	
Number of new employee hires (permanent employees only)	Number of new employee hires	Rate of new employee hires
	11,899	59%

	FY24	
Total number of employee turnover (per person) by:	Number of leavers	Rate of employee turnover
Voluntary	11,152	23%
Involuntary[1]	13,621	28%
Total	24,773	52%

1 Involuntary leavers include: redundancy/termination by company/end of fixed term employment.

Employee training and development:

We invest in colleague training and development providing mandatory, induction and development training to our people at least on an annual basis through our regional training centres. Additionally, we use tablets in stores to offer more e-learning options. A key focus has been on improving internal career pathways to retain the best talent; the table below summarises promotions across the Group.

Average training hours per year per employee

	FY24		
Average number of training hours per criterion	Mandatory training	Induction training	Development
e-learning	0.9	1.3	0.2
Classroom	4.4	11.8	2.5
Overall average number of training hours	5.3	13.1	2.7

Promotions

	FY24		
	Female	Male	
Poundland	681	332	
Pepco	1,627	71	
Dealz	285	35	
PGS	12	0	
Group	2	3	
Total	2,607	441	3,048

People – Social continued

Employee engagement:

At Pepco Group, we have a wide range of channels to facilitate effective employee engagement, including feedback surveys, internal communication platforms, regular meetings, regional road shows and town halls. These provide us with the opportunity to share business performance, achievements and progress. Our ESG 2030 strategy goal is for 100% of employees to be able to participate in feedback channels by 2030. In FY24, we extended our employee survey across the whole Group and all employees have feedback channels available to them. Employee surveys within the different operating companies are on different time scales. There was no survey for Pepco in 2023 and while employee surveys were extended to PGS and Group employees in FY24, Poundland and Dealz closed their surveys after year end, and those results are excluded from the FY24 report.

Employee engagement

	Survey response rate %		Engagement score %[1]	
	FY23	FY24	FY23	FY24
Poundland	78%	n/a	74%	n/a
Pepco	n/a	75%	n/a	54%
Dealz	n/a	n/a	n/a	n/a
PGS	n/a	94%	n/a	84%
Group	n/a	94%	n/a	63%
Average		88%		67%

1 Engagement is defined as the level at which employees commit their energy and effort to contribute to the Company's success.

Diversity and inclusion

We remain focused on diversity, equality, and inclusion, regularly reviewing data from recruitment processes and feedback gathered through our annual surveys. Colleagues are empowered to be "champions" and can participate in various focus groups.

We have established a goal to drive improved representation of females in leadership positions. Our goal is to achieve 40% women in senior positions by 2030. We define senior positions as business leaders at Group-level CEO, CEO minus 1 and CEO minus 2, plus operating company management teams.

Senior leadership gender split

As at 30 September 2024	Female	Male	Total	Female %
CEO	0	1	1	0%
CEO – 1	0	5	5	0%
CEO – 2	4	7	11	36%
Dealz Management	4	4	8	50%
Pepco Management	3	4	7	43%
Poundland Management	0	7	7	0%
Total	11	28	39	28%

Diversity of governance bodies and employees

	Percentage of employees from each category compared to the total number of employees in the organisation			Percentage of Executive Committee members by age and gender			Percentage of Group Board members by age and gender		
FY24	Female	Male	Total	Female	Male	Total	Female	Male	Total
Aged <30	80%	20%	14,509	0%	0%	–	0%	0%	–
Aged 30-50	84%	16%	26,910	0%	100%	3	0%	0%	–
Aged >50	81%	19%	6,333	50%	50%	2	29%	71%	7
Total % by gender	83%	17%	47,752	20%	80%	5	29%	71%	7

For FY24, our improved HR data and systems means that we can disclose gender pay gap by the country that we operate in. There are significant national variations influenced by local employment and hiring norms and the distribution of roles, with many women in store positions. We are committed to fair treatment and career support for all employees. Store positions, our largest employee group, follow standardised pay rates. We use grading and market benchmarks for other roles to ensure fair pay practices.

Gender pay gap[1]

Country	Mean FY23	Mean FY24	Mean Difference
Bangladesh	19%	**37%**	18.3%
Bulgaria	34%	**30%**	-4.4%
China	4%	**-2%**	-5.7%
Czechia	29%	**28%**	-1.2%
Germany	44%	**35%**	-9.3%
Estonia[2]	-8%	**0%**	-
Spain	18%	**19%**	1.4%
Greece	22%	**24%**	2.4%
Hong Kong	28%	**27%**	-1.3%
Croatia	58%	**55%**	-3.3%
Hungary	17%	**17%**	0.4%
Ireland	6%	**3%**	-3.1%
India	-9%	**-24%**	-14.9%
Italy	18%	**15%**	-2.9%
Lithuania	67%	**77%**	10.1%
Latvia	43%	**33%**	-9.6%
Poland	45%	**46%**	-0.8%
Portugal	22%	**17%**	-5.0%
Romania	40%	**43%**	3.3%
Serbia	38%	**33%**	-4.8%
Slovenia	29%	**29%**	-0.4%
Slovakia	21%	**44%**	23.2%
United Kingdom	13%	**9%**	-3.7%

1 ESRS S1-16: the male-female pay gap, defined as the difference between average gross hourly earnings of male paid employees and of female paid employees expressed as a percentage of average gross hourly earnings of male paid employees.
2 Estonia – zero male employees.

At Pepco Group, employees can report discrimination or harassment through a dedicated procedure. During FY24, we launched a new, independent reporting process which facilitates confidential reporting, and have taken steps to raise awareness of the procedure amongst our colleagues. 99 cases of discrimination were reported, compared to 0 in FY23, which demonstrates to us that the system is working better than previously.

Discrimination cases (September 2023-August 2024)

	Number of cases during period FY23	Number of cases during period FY24
Poundland	–	**87**
Pepco	–	**12**
Dealz	–	**0**
PGS	–	**0**
Group	–	**0**
Total	0	**99**

Supply chain workforce

We work with our suppliers to develop sustainable and ethically sourced product options which meet our customers' preferences at an affordable price point. Our vertically integrated supply chain enables better oversight and influence over the ethical and environmental management practices of our partners and therefore facilitates a higher level of risk mitigation. Our FMCG products are sourced directly from both domestic and international suppliers including some of the world's biggest brands. More details of our Supply Chain Human Rights approach and programmes can be found in the ESG section of our website.

We have strong policies in place to protect the integrity of our supply chain, including a Pepco Group Supplier Code of Conduct which applies to all suppliers and contractors. The Code of Conduct is aligned with the Ethical Trading Initiative (ETI) Base Code, an internationally recognised code of labour practice founded on the conventions of the International Labour Organisation (ILO). It includes expectations concerning human rights (with specific reference to child labour), ensures colleagues in factories are treated fairly, and lays out our position on bribery, transparency and unauthorised subcontracting as well as environmental provisions. In FY24, we have further extended our policies with regard to the protection of human rights within our supply chain, these can be found in the Pepco Group Compliance Policies Manual published on our website.

We have also established a new ethical sourcing goal to complement our previous ethical audit goal. Over the last few years, we have disclosed the percentage of ethical audits across all our supplier factories. We will retain this goal as it is linked to the 10% ESG element of the Executive remuneration and is important to maintain focus on this key programme. We also wanted to be able to demonstrate the progress and outcomes that our audit programme is driving with suppliers, therefore we have established a new goal related to showing the percentage of low-risk/high-performing suppliers against our ethical standards.

Goals	KPIs	Progress FY23	Progress/ Baseline FY24
100% of Pepco own-brand[1] products are ethically sourced by 2027	% of own-label products made in Category 1,2, and 3 factories[2]	New goal in FY24	**97.4%**
Perform annual audit of our factories	% of factories audited against our audit plan[3]	100%	**100%**

1 Own-brand products are defined as products offered to consumers under the Pepco, Poundland and Dealz brands, and manufactured by selected suppliers with design, qualities and packaging specified by Pepco Group.
2 Category 1,2,3 factories are defined as having no-risk to medium- risk issues and are approved for new business with Pepco Group. Business restrictions are imposed on factories with CAT 4 and CAT 5 grading for having high-risk or critical issues. Factories need to submit a Corrective Action Plan for all high-risk issues identified during the audit.
3 Defined as the percentage of social and ethical audits completed by our Group Sourcing Compliance team against the annual audit plan

Product

At Pepco Group, we aim to democratise sustainability for our customers by offering affordable choice and demonstrating that price is not a barrier to sustainable and ethically produced products. One of the most impactful ways that we can positively contribute to our customers and communities is through offering a larger range of affordable and sustainable products available in our stores.

Product strategic pillar

Priorities
- Responsibly source product materials

Policies
- Supplier Code of Conduct
- Supplier Environmental Guidelines
- Product quality specifications

Associations and accreditations
- Better Cotton Initiative
- SEDEX: global data platform for supply chain assessment
- ZDHC: Zero Discharge Hazardous Chemicals – a collaboration platform for textiles suppliers

SDGs


As part of our new 2030 ESG strategy, we focus on responsible sourcing of materials through the Product pillar. We have set a new goal which applies to all our own-brand textile products sourced for sale throughout the Group.

Goal	KPI	FY23	Progress FY24
Increase responsibly sourced materials to at least 30% in own-brand products by 2030	% of certified cotton in own-brand range by 2030	21%	**26%**

100% of our suppliers are audited against our Ethical Sourcing policy and some of our materials are certified to external standards such as the Recycled Claim Standard (RCS), the Global Recycled Standard (GRS) for recycled materials, the Organic Content Standard (OCS) or the Global Organic Textile Standard (GOTS) for cotton, the Forest Stewardship Council for products from forestry, such as paper or wood, or Oeko-TEX for textiles. We want to focus our efforts, and our goal, on textiles and specifically cotton as clothing forms the largest percentage of our product mix and revenue.

Certified cotton

We have been a member of the Better Cotton Initiative (BCI) since 2022. The Better Cotton Initiative (BCI) aims to support farming communities socially, environmentally and economically. 2.13 million farmers in 22 countries now have a licence to sell their cotton as Better Cotton and the initiative has reached almost 4 million people whose working lives are connected to cotton production. Those people are trained to use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals and respect workers' rights and wellbeing. The tonnage of cotton that Pepco Group sources under the BCI scheme is recorded via the BCI membership platform each calendar year. It is independently assessed and subsequently reported, providing an external validation of Pepco Group's progress against this responsibly sourced material goal.

By sourcing cotton through Better Cotton, Pepco contributes to raising the standards of cotton production, which translates into the wellbeing of farmers and the local environment.

In addition to responsibly sourced cotton, we provide our customers with a range of affordable, sustainable product options across our clothing, general merchandise and FMCG lines including Oeko-Tex and Forest Stewardship Council (FSC) eco-certified products, recycled polyester clothing and vegan and vegetarian ranges. We label those products accordingly, to help our customers clearly identify more sustainable choices and show our commitment to environmentally responsible production.

ESG Governance

As a Group, we are committed to ethical business conduct, strong corporate governance, sustainability and transparency, aligning performance with our long-term goals. We have established governance frameworks aimed at ensuring the effective operation of our Board, protecting stakeholder interests, maintaining business resilience and building trust.

ESG oversight and management

Pepco Group Board and Audit Committee
Reviews ESG strategies, goals and targets and monitors progress quarterly, advising the Board as appropriate

ESG Executive Committee
Chaired by the Group CFO, the ESG Executive Committee determines and aligns strategy, reviews progress and next steps for ESG across Pepco Group

Group sustainability team
Includes representatives from across the Group. It coordinates and reports on ESG work across the Group

OpCo sustainability committees
Implement ESG action plans and roadmaps at operating company level, and report on progress against agreed KPIs

The Group CFO oversees the Group's ESG strategy and is responsible for its execution, supported by senior management in the operating companies and the Group's Head of ESG. Quarterly ESG progress updates are presented to the Group's Audit Committee. The ESG Executive Committee is chaired by the Group CFO to align and drive ESG priorities, review progress, manage risks, and develop strategies for the Group and its companies.

Pepco, Dealz and Poundland have sustainability committees, with representatives from key functions such as operations, marketing, commercial teams, finance, HR and IT/data management. The sustainability managers for each operating company work with internal communications to regularly update our colleagues. The Group sustainability team facilitates cross-Group decision-making through consolidated reporting and drives best practice in the various business units. Our in-house sourcing business, PGS, and its Asia-based teams manage supplier-related ESG risks. ESG risks are monitored through the Group's risk register (see the risk section of this report), reported by Internal Audit and overseen by the Audit Committee.

Business ethics and human rights

As a multinational organisation operating across diverse geographies and jurisdictions, we remain committed to upholding strong business ethics and we have placed a strong emphasis on driving further improvements, including the revision and introduction of Group-wide policies and the implementation of new mandatory compliance training. Our enhanced policies aim to foster responsible practices, uphold human rights throughout the Group and its value chain and protect our reputation with stakeholders. We fully recognise the potential impact that any breach of ethical standards could have on the wellbeing and livelihoods of our employees, as well as those within our supply chain, and are dedicated to mitigating these risks through continuous improvement.

Group-wide policy revision and summaries

We have recently updated our policies to reflect a centralised Group position. The policies are summarised below, and longer descriptions can be found in the Pepco Group Policy Handbook. These revisions strengthen core principles aimed at safeguarding our employees and the business, while promoting a culture of trust and integrity. Additionally, as part of our proactive approach to maintaining a culture of transparency, ethical conduct and compliance across the Group, employees are required to complete a dedicated training module based on this updated policy suite. Our mandatory Group-wide compliance training initiative and user platform was extended in FY24, focusing on critical topics such as anti-bribery and corruption, fraud prevention, whistle blowing and human rights. The training is interactive, tailored to our specific industry and business areas, and aligns with the standards and principles outlined in our updated Group policy suite. To ensure inclusivity and engagement across the Group, the courses were translated into multiple languages. We are actively monitoring completion rates and we have over a 90% completion rate reported across all entities. Additionally, we have published an annual training plan to support the release of new topics, which will be subject to ongoing review and update.

Anti-bribery and corruption

Bribery is illegal in all the countries in which we operate. It damages markets and communities and transfers resources into the wrong hands. Our position on bribery and corruption is clear: we do not engage in corruption, and we never request, pay, authorise, or solicit or accept bribes, facilitation payments or kickbacks, regardless of local custom or practice. There were zero confirmed cases of bribery and corruption in FY24.

ESG Governance continued

Group-wide policy revision and summaries continued

Anti-fraud

Pepco Group has zero tolerance of fraud committed by anyone associated with it and takes all appropriate action to prevent fraud in respect of its activities. We recognise that the impact of fraud on economies, communities, businesses and individuals can be devastating, and we therefore do not tolerate any form of fraud connected with our business. We are committed to complying at all times with applicable anti-fraud laws wherever in the world we operate.

Anti money-laundering and terrorist financing

We do not assist, support, participate in or permit money laundering or terrorist financing. Even the slightest suggestion of being involved in any such activity would be extremely damaging for the Group.

Gifts and hospitality

The proper management of the giving and acceptance of gifts and hospitality is key to avoiding the risk of actual or perceived improper influence and obligation. We prohibit the giving or receiving of any gifts. Hospitality must be appropriate and approved through the correct channels.

Conflicts

We try to avoid conflicts wherever possible. Even where there is no ill-intention, the appearance of conflicting interests can compromise integrity and damage the Group's reputation and image. We should never put our own interests ahead of those of the business, even if it appears that the decisions may be beneficial for everyone.

Charitable donations, sponsorship and political donations

Making charitable donations and supporting community-based initiatives across the jurisdictions we, and our suppliers, operate in is an important part of our social responsibility commitment. We must ensure that donations to charities or political organisations are made properly, and that we only support reputable organisations, whilst complying with the law and best practice.

Due diligence

Our third-party relationships can present risks to the business. We could be investigated or prosecuted and suffer significant financial and reputational damage if we are associated with people and/or companies who engage in wrongdoing. We therefore need to understand who we are dealing with and how they operate. We do this by conducting due diligence and assessing all suppliers and third parties with which we interact during the course of our business.

Sanctions and export control

We are committed to complying with our legal obligations relating to sanctions and export controls. As the Group continues to expand its sourcing footprint worldwide, we need to ensure that we are vigilant and maintain robust compliance practices that keep pace with the rapidly evolving legislation and the geographical reach of our business.

Competition law

Pepco Group is committed to fair competition across our operations anywhere in the world. We do not engage in practices that restrict fair market competition and are committed to complying with competition laws in the markets in which we operate.

Anti-tax evasion

Pepco Group is committed to acting ethically and professionally in all our business dealings and takes a zero-tolerance approach to tax evasion or the facilitation of tax evasion, whether under UK law or under the law of any foreign country. We implement and enforce effective systems to counter tax evasion and its facilitation.

Human rights

Pepco Group is committed to business practices in our operations and supply chain throughout the world that do not infringe human rights and that are aligned with international standards of responsible business conduct, including the conventions of the International Labour Organisation (ILO).

Environment

At Pepco Group, we are committed to conducting business in an environmentally responsible manner. We recognise the importance of sustainability and strive to reduce our environmental impact in key aspects of our operations and supply chain.

Child Labour Remediation policy

The Pepco Group has a zero-tolerance approach to child labour. We are clear that there must be no recruitment of child labour or exploitation of children in any part of our supply chain.

Whistle blowing

Pepco Group is committed to conducting business with honesty and integrity and creating a culture of openness and accountability. We encourage people to raise concerns and are committed to supporting those that do. We strongly believe that this ethos will contribute to the success of our business, our people and our reputation.

Grievance mechanisms and remediation

Since 2021, the independent whistle blowing provider, Safecall, has been used by the Group. Over this period, the number of reported cases has varied, prompting us to focus on improving the quality of reports through training and to implement a more refined investigation process in FY24. As part of these ongoing efforts, a report assessment process was introduced earlier this year, overseen by the Group compliance team. This process ensures that reports are directed to the appropriate subject matter experts for management and investigation, providing greater visibility at the Group level and a more efficient experience for the reporter.

Our Whistle Blowing policy has also been updated as referenced in the policy section to reinforce our commitment to conducting business with honesty, integrity, and promoting a culture of openness and accountability. Maintaining a zero-tolerance stance on retaliation, we strongly encourage individuals to voice their concerns and remain dedicated to supporting whistleblowers. Going forward, we will incorporate cases of retaliation into our metrics, which are designed to monitor the overall effectiveness of the programme.

To ensure independence from local management when investigating cases, we have implemented measures that drive impartiality and objectivity throughout the process. This includes diverting certain cases to our Group-level team and introducing an investigator conflict of interest declaration ensuring that sensitive or complex matters are handled without bias or influence. Additionally, our newly introduced "triage process" further reinforces independence by reviewing and classifying cases centrally, ensuring they are escalated to the appropriate level for investigation and resolution. This structure helps maintain the integrity and fairness of all investigations.

Managing third parties

We have further refined our approach to managing third-party relationships and the risks they present to the Group, achieving significant progress in recent months. To strengthen our position, we have updated our Supplier Code of Conduct, which will be re-published in FY25. This revision reinforces our commitment to acting ethically and responsibly in all regions where we operate. Our goal is to source products and services in a manner that is ethical, sustainable, and socially responsible. The revised Code protects the integrity of our supply chain and outlines our minimum expectations for how suppliers should operate, helping us uphold our commitment to ethical business practices.

In addition to complying with legal requirements and our Code, we expect our suppliers to be guided by our dedication to ethical behaviour and to make the right choices. We fully support our suppliers in continually improving their social and ethical practices. Connections to individuals or companies involved in misconduct could lead to investigations or legal actions, resulting in serious financial and reputational damage. With a network of suppliers across China, Bangladesh, Hong Kong, India, and Pakistan, our due diligence process must address both country-specific risks, such as corruption and human rights concerns, and broader risks, including politically exposed persons (PEPs), sanctions, and watchlists.

Additionally, we have focused on enhancing our third-party due diligence process. Given that third parties carry varying levels of risk, the depth of scrutiny applied will be adjusted accordingly. This approach allows the Group to make informed decisions on whether and how to engage with each third party. By improving our methods, collecting valuable data upfront, prioritising key jurisdictions, and evaluating the availability and quality of data available in those regions we are better equipped to assess these relationships both initially and on an ongoing basis. This puts us in a stronger position to support and grow the business.

Our approach to tax

We understand that the taxes we pay to governments in the countries in which we operate are central to fiscal policy and macroeconomic stability, being an important source of revenue in providing a stable infrastructure, social fabric, and economic environment for citizens of those countries who are also our colleagues and customers. We are committed to conducting our business in an honest and ethical manner, and our core tax principle is to manage our tax affairs responsibly, which means ensuring that we pay the right and fair amount of tax at the right time in the countries in which we operate, in compliance with local and international law.

Our Board-approved tax strategy is reviewed and re-published annually and, whilst a requirement under UK law, is intended to summarise our overall tax strategy as a Group. Our tax strategy can be found on our website under "Our approach to tax": www.pepcogroup.eu/about/how-we-operate.

Ultimate responsibility for tax governance and management of tax risk sits with the Board and the CFO, supported by the Group Treasurer and the Head of Group Tax, who engage with the Group Audit Committee. Day-to-day management of tax risk for our operating companies is delegated to the relevant Finance Director.

We seek to reduce the level of tax risk arising from our operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect compliance with our tax obligations. Known risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required. As a multinational group operating in an increasingly complex and developing tax environment, some risk is unavoidable. Nevertheless, the level of risk which we are prepared to accept is consistent with our objective of achieving material certainty with regard to our tax affairs. When entering into commercial transactions we seek to utilise available tax incentives, reliefs, and exemptions in line with, and in the spirit of, applicable tax law and prevailing practice. We observe guidelines published by the Organisation for Economic Co-operation and Development (OECD) and endeavour to conduct intercompany transactions on an arm's length basis. We do not undertake tax planning unrelated to commercial or strategic transactions, nor do we undertake tax planning that is contrived or artificial. We seek to foster positive relationships with tax authorities and to undertake all dealings with tax authorities in a professional, courteous, and timely manner.

We aim to be clear and proactive in our interactions with tax authorities. Alongside our Corporate Criminal Offence Policy, our Speak Out Policy and whistleblowing hotline are available in the event that concerns are raised about our business conduct and integrity in relation to tax matters. No specific concerns were raised in this respect through these channels in FY24. We do not currently report on assurance metrics specifically related to tax matters; however this is an area that we will consider for future development.

Data protection and privacy

This year we have taken significant steps to enhance our data protection and privacy practices. We are working towards implementing a robust Privacy Management Platform to strengthen our accountability and compliance with GDPR and other relevant regulations. We have expanded cooperation among Group companies to establish a unified approach to data protection and privacy, aligning policies, frameworks, and functional accountability. Group-wide training programmes have been launched to engage employees in privacy matters, raising awareness and fostering a culture that values and protects personal data.

We are committed to continuously enhancing our technical and operational controls to secure the data we manage. This commitment is demonstrated by our active data protection committees and teams across the Group. Additionally, we have established active processes to uphold data subject rights, ensuring timely responses to requests. In FY24, we were not subject to any fines or corrective actions by any relevant Data Protection Authority.

Reporting boundaries:

All entities described in this report are included in the consolidated financial statements. Companies subject to non-financial reporting are defined based on the operational control criteria, considering the significance of individual entities' impact on relevant activity areas. This includes all relevant sources of GHG emissions and other sustainability KPI reporting data over which the Group has the full authority to introduce and implement its operating policies at the operation. Under the Operational Control approach determined by the GHG Protocol, 100% of the calculated impact arising from Group companies and subsidiary entities over which Pepco Group has operational control is included. The organisational boundary is reviewed continuously to ensure that any new operations are included where necessary. This is completed using the organisational structure from the Group's Company Secretary. The ESG team is kept informed by the Legal Counsel about any changes.

The updated organisational and property records are then reconciled to determine the boundary for the reporting year, after which the emissions source data is requested from the appropriate site contacts. Emissions from legal entities or leases acquired during the fiscal year will be incorporated into the annual greenhouse gas report from the date of acquisition (or store opening where relevant, for example in relation to acquired store leases) in accordance with the scope and boundary criteria set out in this document. Emissions from entities disposed of during the year are included up to the date of disposal within the respective annual reporting year.

During the reporting period Pepco discontinued operations in Austria in February 2024. Emissions data was captured in our FY24 carbon emissions reporting until the entity was put into liquidation.

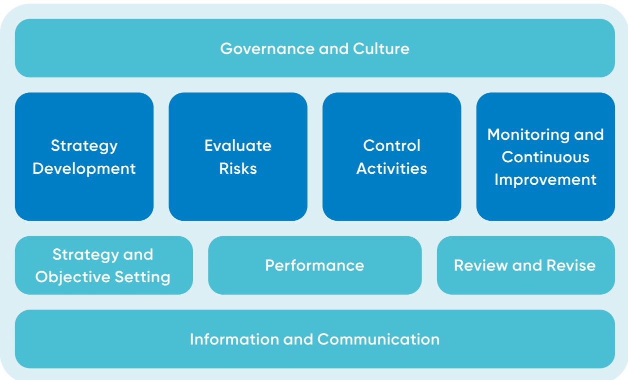
Our approach to risk management

Risk management and internal control framework

Pepco Group's enterprise risk management and internal control Framework is an essential part of doing business, enhancing our resiliency, strengthening operations and building confidence in the delivery of our strategy.

Our approach to risk management remains broadly consistent with the previous year, leveraging a proactive approach to identify and respond to material risks, executed through governance and decision-making.

Utilising a structured risk management approach helps us to embed the practices and behaviours needed to create and preserve long term value. This is a guided process from risk evaluation, control activities, monitoring and continuous improvement.



Risk management principles and culture

Endorsed by the Board and championed throughout the business, the framework is designed to identify, prioritise and manage, rather than eliminate, risks to the business and to provide reasonable assurance against material misstatement or loss.

The world around us is constantly changing and so our framework is designed to be sufficiently agile to respond to external changes in market conditions and geopolitical circumstances.

Internally, risk management is a focus throughout the organisation. Our "bottom-up" identification of risks is overlaid by those risks highlighted from the "top-down" review and challenge process by the Group Risk Management Team and Group Board. These assessments are aggregated, together with the consideration of risks existing at the Group level, to compile an overall Group-wide view of risk.

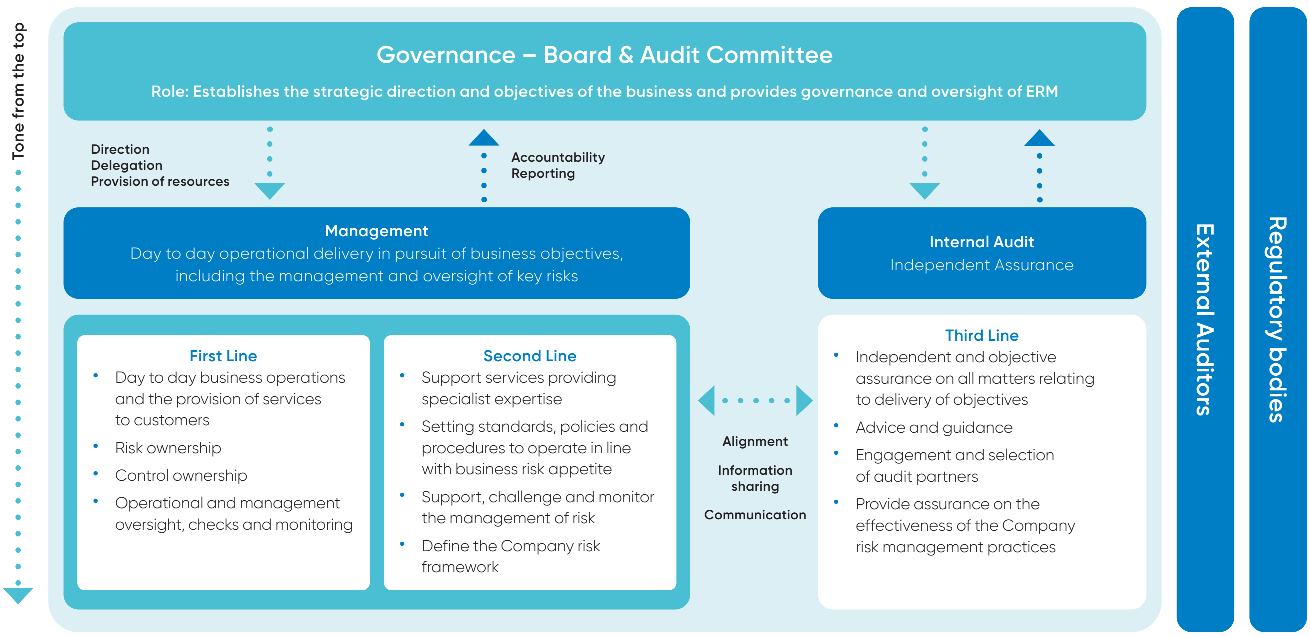
Risk Governance and Operating Model

The Board is responsible for the review and approval of Pepco Group's risk management framework, our risk appetite and key strategic and emerging risks. Our risk management is aligned to our strategy, and each principal risk and uncertainty is considered in the context of how it relates to the achievement of the Group's strategic objectives.

The Audit Committee is a subset of the Board and holds responsibility for independent review of the effectiveness of our risk and internal control systems and the quality and accuracy of financial reporting. The Audit Committee is also responsible for the ongoing monitoring of external audit provision and consideration of any findings shared from the auditors' scope of review.

Within the operating business areas, risk management is a key focus of leadership teams who are responsible for overseeing risk, internal control and output from our annual audit activities, holding business leaders to account for their risk management responsibilities.

Providing a range of specialist advice and guidance on a Group and local level, technical teams across the business support risk management through standards, policies, procedures and direct interventions to establish control activities.



Internal reporting

Group-level risks
- Consolidation of significant risks from underlying risk registers
- Overlay of Group-level risks
- Review and agreement of the principal risks by the Executive Directors
- Review and approval by the Audit Committee

Business and functional risk registers
- Development and ongoing maintenance of risk registers, including consideration of emerging risks, by business owners and leadership teams
- Review and challenge of risk content and the quality of mitigation plans by the Group Risk teams
- Monitoring of risks associated with our operating companies review and challenge of risks at leadership forums

Emerging risks and issues
- Monitoring emerging areas of change or issues that may become significant at a Group level

Top-down
- Review and approval by the Board and Audit Committee
- Full disclosure of principal risks and uncertainties

Bottom-up
- Group Risk team
- Business and functional leadership teams
- Policy and process owners

External reporting

Principal risks and uncertainties
- Review and approval by the Board and Audit Committee
- Full disclosure of principal risks and uncertainties

Strengthening our framework:
Enhancements to our Audit and Internal Control teams over the past year have strengthened the collaborative ways of working across the three lines of defence and improvements to internal controls.

Following the fraudulent phishing attack in Hungary, the Audit and Internal Controls teams initiated a review of the financial control environment. Some instances of non-compliance with procedures and accounting rules were discovered, including related to supplier discounts, although the impact was not financially material. Additional Internal Audit activities were performed together with external forensic specialists to leverage industry best practice and subject matter expertise. These efforts included performing a comprehensive analysis of balance sheet positions and implementing measures to prevent future occurrences. Any issues identified were remediated and corrected as part of year-end reporting.

Looking ahead, further work is planned to develop our maturity as part of the risk roadmap. Our plan is endorsed by the Board and modelled on the international COSO framework, enabling benchmarking and the ability to track our progress. The roadmap seeks to respond to the ever-changing external environment, alongside close support for business growth, transformation and continuous control improvement.

Risk appetite
Risk appetite is the amount of risk we are willing to accept in pursuit of our strategic objectives, setting out guardrails for decision making and business operations. Risk appetite is forward looking and takes into consideration the internal and external environment, regulatory obligations, culture, corporate values and the geographies we operate within.

Pepco Group's risk appetite is reviewed at least annually or following material business changes and approved via the Board. We monitor risk regularly, evaluating our risk position versus appetite levels to determine what further actions may be required. Appetite levels are described on a three-point scale; 'Averse' (meaning that avoidance of risk is a core objective, and we will always select the lowest risk option), 'Balanced' (meaning that we will make trade off decisions, weighing up the impact of the risk vs the potential benefits) or 'Tolerant' (meaning that we are willing to take justified risks to achieve the highest possible return).

Our risk appetite framework continues to mature, with further development planned in 2024/25 to establish risk appetite metrics and improved reporting.

Risk Management Operation

Monitoring of risks and the effectiveness of our internal controls through a series of checks and evaluations across different levels of the organisation, contributing to an integrated view of assurance.

Regular risk review with Executive teams and the Risk and Audit Committee to reflect on key strategic priorities and associated risks, informing focus points and risk improvement objectives.

Control frameworks aligning to industry best practice standards enable benchmarking in key areas, e.g. Financial Controls, General Information Technology Controls, Entity level controls. Alongside, risk improvement plans and remediation priorities.

Identification, measurement and reporting of risks against consistently applied criteria, considering both the likelihood of occurrence and potential impact to the Group, with clear ownership sitting with relevant functional leaders.

A simple structure sits at the heart of the risk framework, ensuring a common understanding and consistent application across the Group

The output from the above process is subject to periodic review and challenge by the Executive Directors and, subsequently, the principal risks and uncertainties are submitted to the Audit Committee ahead of final review and approval by the Group Board.

Principal risks and uncertainties

The Directors confirm that they have carried out a robust assessment of the principal risks and uncertainties facing the Group, including any emerging risks and those that would threaten its business model and future performance.

Changes to risk profile

During the year, a coordinated review of existing risks has been undertaken, alongside regular consideration of insight and the external environment to identify new and emerging risks. Any potential changes to principal risks are validated through analysis and evaluation of control measures, actions plans and data points.

The principal risks outlined below represent, in the judgement of the Group Board, the most significant gross risks to the Group.

Topical and emerging risks

- The macroeconomic environment remains challenging, with inflationary pressures and low unemployment continuing into this reporting year and being a focus within our plans.
- Consumer sentiment remains cautious and sensitive to the economic environment. This factor, in addition to increasing costs of doing business, including wage inflation, energy, transportation and costs associated with sourcing and manufacturing, have the potential to impact profitability in some of our countries of operation, if not properly controlled.
- Readiness for the launch of a digital offers' solution is a key strategic focus, ensuring that resiliency, privacy, accessibility and user experience drive engagement.
- Increasing geopolitical instability and impact on global supply chains and transportation remains a constant factor in planning and decision making.

Principal risks

The principal and emerging risks are discussed and monitored throughout the year to identify changes to the risk landscape. Risk information flows up through operating companies and specialist risk teams, creating a Pepco Group wide profile. Principal risks are material risks or themes, which are common across multiple operating areas or have the potential to significantly impact strategy or ability to operate. Each principal risk has a defined response strategy, endorsed by the Board and Executive Committee, which is regularly monitored and reported on.

Risk	Description and key drivers	Risk mitigation
Operations and customer		
IT Systems – Cyber and DR **Link to strategy:** Driving cost and operational efficiency **Risk movement:** Unchanged	**Disruption or loss of IT systems supporting critical processes or data, as a result of internal or external events, which could result in disruption to business operations impacting customers and commercial performance, reputational damage and potential regulatory actions.** • Failure to prevent or respond to a cyber-attack resulting in loss of business-critical systems and data and/or data breaches • IT system failure • IT system vendor or third party support partner failure or poor performance • Lack of resilience or recovery capabilities for critical businesses processes	• Information security and data protection policies, underpinned by training and awareness programmes, with dedicated cyber security specialists and Data Protection Officers. • Security Centre Operations provide 24/7 monitoring and alerting to act on potential threats. • Automated simulated phishing campaigns providing colleagues with additional training. • Critical IT systems have resiliency with proactive monitoring and alerting of system processing failures. • IT systems increasingly moved to the cloud providing further resilience and disaster recovery. • There is robust IT change management across the Group with change freeze periods implemented during the key trading months.

Strategy key:

- Optimising and expanding our store network
- Driving cost and operational efficiency
- Enhancing the customer offer
- Deliver stronger cash generation through disciplined investment

Change key:

Increased Unchanged Decreased New Risk

Read more about our strategy on page 12 to 19

Risk	Description and key drivers	Risk mitigation
Legal and compliance		
Legal and compliance Link to strategy: Optimising and expanding our store network; Deliver stronger cash generation through disciplined investment Risk movement: Decreased	**The business is subject to an evolving regulatory and legislative landscape, with the need to remain up to date with changing frameworks across multiple jurisdictions. Failure to comply with legal and regulatory obligations may lead to fines, criminal sanctions and significant reputational impacts.** • Compliance with existing laws and regulations and changing legal landscape • Statutory compliance • Pace and scale of global regulatory change and introduction of mandatory disclosures • New geographies and markets • Governance maturity and coverage • IP and brand protection • Ethical Trade Standards and Regulatory Compliance • Supplier Mapping, due diligence and contract protections	• Steering Committee in place to focus on regulatory mapping and horizon scanning. • In-house legal teams across Group, Pepco and Poundland with dedicated expertise. • Law firm panel of external legal expertise in every key practice area across the Group. • Whistleblowing reporting line for colleagues and suppliers to report concerns around misconduct or non-compliance. • The Group Code of Conduct was updated in 2024, outlining and enhancing core values, ethics and regulatory requirements. • Supplier Code and Supplier Audit Policy to inform suppliers of core requirements and behaviours expected. • Suite of Group compliance policies covering topics including anti-bribery and corruption, due diligence, conflicts, sanctions etc. • Group-wide mandatory training programme for core, high-risk regulatory areas. • Specific training programmes for senior managers. • Group supplier due diligence procedure integrated across procurement processes. • Monitoring of registered IP and embedded checks when developing IP/branded products.
Operations and customer		
People and talent Link to strategy: Optimising and expanding our store network Risk movement: Unchanged	**Dependence on key personnel and ability to attract or retain the required knowledge, skills and capability, with the right cultural fit, could undermine growth plans, strategic and operational delivery.** • Attraction and retention • Geographical labour market challenges • Availability of specialist knowledge and experience • Post pandemic working environment and arrangements • Culture and wellbeing • Organisational structure • Reward strategy • Training and development	• Aligned talent assessment and development approach across Pepco Group and operating businesses. • Performance and talent management process and training in place across the business. • Employee opinion surveys rolled out Group-wide with key themes aggregated across all functions and operating companies to understand employee sentiment, and implement resulting action plans. • Reward and retention strategy to attract and retain talent, aligned to Pepco values and ethics. • Values based leadership programme to support corporate culture and conduct expectations for all colleagues.

Strategy key:

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Change key:

Increased · Unchanged · Decreased · New Risk

Read more about our strategy on page 12 to 19

Principal risks continued

Risk	Description and key drivers	Risk mitigation
Brand and ethics		
ESG Link to strategy: Risk movement:	**Failure to meet our customers' and wider society's expectations in addressing ESG impacts. Balancing the risks we face as a result of climate change and limiting the impacts our operations have on the environment and communities in which we trade.** • Transformation pressures and rapid growth plans • Adverse external events could increase cost, disrupt our supply chain and operations, and the demand for our product • Consideration of ESG within strategy, business change planning and delivery • Extreme weather and climate change • Inflation and supply chain cost pressures • Supplier resiliency • Lack of long term, strategic planning and partnerships	• Group-wide ESG Strategic Framework, goals and vision (see our ESG section for further details). • Group CFO responsible for setting the Group's ESG Strategic Framework, with overall responsibility for execution. • ESG Executive Committee; the purpose of which is to determine, align and review progress and next steps for ESG across Pepco Group. Chaired by the Group CFO, its objectives are to create alignment and drive progress across the Group. The terms of reference and standing agenda of this Committee cover all priority material topics as identified in the recent double materiality assessment. • Updates on ESG progress are made for review and approval at the Audit Committee each quarter. • The Group business model, including both the vertical integration of our sourcing operations through PGS and the work of our in-house Group sourcing compliance team, provides a high degree of visibility over our supply chain and constructive working relationships with our supply partners. • Democratising sustainability for our customers by offering affordable choice and demonstrating that price is not a barrier to sustainable and ethically produced products.
Strategic and change		
External political, macroeconomic, and geopolitical environment Link to strategy: Risk movement:	**Global economic and political volatility impacting our cost base and earnings potential. Varying employment levels across Europe, alongside cost of living pressures may undermine customer demand, whilst foreign exchange instability across sourcing and operating regions, interest rates, inflation and core commodity prices may impact margin, destabilise supply chains and impact delivery of strategic growth plans.** • Interest rate volatility • Foreign exchange volatility • Inflation • Levels of employment and disposable income • Increasing cost base, including regulatory wage increases • Sanctions • Political instability and transition	• Steerco established to focus on regulatory mapping and horizon scanning and to oversee projects initiated to prepare the business for changes in policy. • Projects established to anticipate change and prepare business for impact of key changes (e.g. Bulgaria's entry to the Eurozone). • Improved sanctions monitoring and sanction screening implemented for suppliers. • Group-wide business continuity and disaster recovery programme. • Diversification of product sourcing.
Business transformation and long term strategy Link to strategy: Risk movement:	**Failure to implement the Group's growth strategy: to strengthen market-leading proposition in existing markets; and implement long-term expansion into new markets.** • Macroeconomic and political volatility • Business capacity to support the change and transformation agenda, embedding a robust platform for future growth	• Store expansion programme continued throughout 2024, adopting a more disciplined approach to growth, with new store openings focusing on our existing markets. • Continued enhancement to our customer offer through store and proposition renewals. • Transformation programmes are aligned to the Pepco Group business strategy and closely governed by senior management. • Dedicated strategy and transformation operating model in place to support focus and track delivery of key programmes and business changes activities.

Strategy key:
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Change key:
Increased Unchanged Decreased New Risk

Read more about our strategy on page 12 to 19

Risk	Description and key drivers	Risk mitigation
Strategic and change continued		
Competition, consumer trends and behaviours Link to strategy: Optimising and expanding our store network; Enhancing the customer offer Risk movement: Unchanged	**Ability to effectively respond to a complex and geographically diverse competitive landscape or changes in consumer demand, impacting competitive advantage, earnings potential and strategic delivery.** • Fragmented geographical markets • Failure to successfully anticipate and respond to competitive changes in a timely and cost-effective manor • Complex competitor dynamic across European discount retail sector and specialist retailers of varying sizes and product offerings	• Brand awareness and customer satisfaction insights gathered regularly • Diversification across multiple markets, fragmenting and limiting the impact of competition • Pepco offers price leadership and a differentiated proposition. This is facilitated by increasing economies of scale and Group-level buying and operating cost synergies. • We offer a diverse range of FMCG, homeware-led GM and apparel, providing our core shoppers, with their regular shopping replenishment needs. • We own and operate a multi-format, Europe-wide variety discount retail business, through local and therefore convenient stores, located across 20 countries. • We continue to invest in the development of high-quality, scalable infrastructure, including information technology, automated warehouses and more efficient and resilient multi-point distribution.
Finance and treasury		
Financial, profitability and liquidity Link to strategy: Driving cost and operational efficiency Risk movement: Unchanged	**Insufficient liquidity to meet obligations under credit facilities, settle liabilities, deliver on corporate goals, and/or inability to access further external financing in the future.** • Insufficient earnings • Interest rate volatility • Access to financing • Cost control	• Cash generative including self-funding of expansion. • Significant headroom within the covenants of the existing Senior Facility Agreement. • €390m Revolving Credit Facility to April 2027. • Pepco Group bond, issued in 2023, continues to trade strongly indicating strong debt investor appetite. • Term Loan B of €250m, that matures in April 2026, remains with a syndicate of strong and supportive relationship banks at competitive interest rates.
Fraud and financial crime Link to strategy: Driving cost and operational efficiency Risk movement: New Risk	**Losses as a result of physical or financial crime, both internally and externally, which result in financial losses, reputational damage and cross functional investigations.** • Fraud • Anti-bribery and corruption • Corporate Criminal Offences • Theft and physical security	• Group wide fraud risk assessment mapping exposure to fraud risks across key processes. • Suite of Group compliance policies covering topics including anti-bribery and corruption, due diligence, conflicts, sanctions etc. • Group-wide mandatory training programme for core, high-risk regulatory areas. • Specific training programmes for senior managers. • Whistleblowing reporting line for colleagues and suppliers to report concerns re. non-compliance. • Payment processing restrictions, defined delegated authority levels and segregation of duties. • Group treasury function oversight and approvals. • Collaborative working between Finance and Technology to refine security controls.
Operations and customer		
Health and safety Link to strategy: Optimising and expanding our store network Risk movement: Unchanged	**Harm to colleagues, customers or third parties caused by product design or operating failures could result in business disruption, loss of assets, enforcement action, and reputational loss.** • Fire safety • Food safety • General health and safety standards in store and at distribution centres/factories • Third party suppliers delivering in line with Pepco and regulatory standards • Assets and premises are acquired to Pepco and regulatory standards • Violence to colleagues and shop workers	• Health and safety Committee structure and business unit action plans. • Health and safety data collected and monitored locally with centrally reported Group stats tracked. • Moving to a more integrated model with the introduction of standardised policies and procedures. • Aligning Group wide model, with input from local representatives and industry specialists. • Targeted, data driven, improvement programmes focusing on key areas of risk and compliance. • Continue to identify and respond to regulatory changes and standards.

Strategy key:

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Change key:

Increased | Unchanged | Decreased | New Risk

Read more about our strategy on page 12 to 19

Principal risks continued

Risk	Description and key drivers	Risk mitigation
Operations and customer continued		
Supply chain disruption – logistics and inventory Link to strategy: Optimising and expanding our store network; Driving cost and operational efficiency Risk movement: Decreased	**Disruption of the logistics and distribution network resulting in inability to maintain sufficient inventory levels to meet growing customer demands without allowing levels to increase to an extent that causes excessive markdowns.** • Impacted global supply routes • Third party supplier insolvency • Availability of suppliers which meet operational and ethical standards • Efficient product lifecycle and inventory management • Customer demand planning	• Experienced buying and supply chain teams responsible for maintaining an effective and efficient supply chain. • Regular end-to-end supply chain and distribution network and cost mapping. • Scalable and repeatable supply chain design, maximising standardisation for all elements (distribution centres and warehouse management systems) of the supply chain. • Consistent, seasonally relevant, levels of stock cover by product category are maintained and regularly reviewed. • Shipping product earlier, optimising shipping routes , diversification of carrier base and shipping modes, selectively utilising faster carrier options.
Supply chain disruption – sourcing Link to strategy: Optimising and expanding our store network; Enhancing the customer offer Risk movement: Unchanged	**Failure to identify, develop or maintain relationships with a significant number of reputable suppliers, to source high-quality, low-cost, safe products, may impact the Group's financial position or reputation.** • Loss of key suppliers or decrease in available product • Inflation pressures on product margin • Human rights • Labour regulations and ethical standards • Inadequate product quality or safety	• Integrated in-house sourcing operation, PGS, sources in excess of 80% of own label goods across clothing and general merchandise through its operations in mainland China, Hong Kong, Bangladesh and India. • In-house sourcing model leverages our scale to drive benefits on pricing and agree long-term partnerships with strategic vendors. • Diversification and expansion of sourcing footprint to reduce the risk of over-reliance on any single country and increase flexibility through near-shore sourcing in European countries and additional Asian countries. • Policies are in place to protect the integrity of our supply chain, including a Group-wide Supplier Code of Conduct and ethical and social audit programme, managed by our Group ethical sourcing team. • Established Global Quality Assurance and Quality Control policy with strict quality control measures to bring low prices and value to our customers while protecting our brand integrity.

Strategy key:
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Change key: Increased · Unchanged · Decreased · New Risk

Read more about our strategy on page 12 to 19

Going concern

The FY24 consolidated financial statements have been prepared on the basis that the Group will continue as a going concern for at least 12 months subsequent to the authorisation of the consolidated financial statements for the period under review.

The Group has continued to show resilience in FY24 despite the challenging economic conditions. Underlying EBITDA growth of 25.2% to €944m illustrates the strong continued profit delivery. In addition the Group has continued to execute its growth strategy through the opening of 392 net new stores through self-funded investment.

Cash has increased year-on-year at €363m (FY23: €330m) which also includes repayment of a portion of the Group's debt of €120m. The Group's net debt to underlying EBITDA ratio of 1.7x on an IFRS 16 basis (0.5x pre-IFRS 16 basis) has improved remains low, and well within the targeted range. The Group also remains well financed with expiry of term loans not until at least April 2026 and retains significant liquidity headroom, and covenant headroom, should any further unforeseen volatility arise.

Based on the Group's cash flow forecasts and financial projections, alongside assessment of a robust set of plausible but aggressive downside stress test scenarios, the Directors are satisfied that the Group will be able to operate within the levels of its facilities and resources for the foreseeable future and deem it appropriate to adopt the going concern basis in preparing the financial statements.

Introduction to Governance

Andy Bond
Non-Executive Chair

Dear Shareholders,

This section of the report outlines the Group's corporate governance structure and addresses key governance matters relevant to the Company during the reporting period. As Non-Executive Chair, I am responsible for ensuring that we have the right structure in place to uphold high standards of corporate governance.

This year we have continued to make changes to our Board. In particular, we have hired a new CEO, Stephan Borchert, and a new Chair of the Audit Committee, Frederick Arnold. Our recruitment process has been led by the Nomination Committee, working with external search providers to ensure we considered candidates from a wide pool. We continue to ensure the Board has the appropriate range of skills, knowledge and experience to act effectively. We will continue to review our governance structures in FY25 to ensure we have the most effective Board possible as we manage change within the business.

I would like to thank our Board and our colleagues for their continued commitment to the success of the Group for the benefit of all our customers, colleagues, investors and other stakeholders.

Pepco Group N.V. (the Company) is a public limited liability company incorporated under the laws of the Netherlands on 14 May 2021, having been converted from Pepco Group B.V, incorporated on 17 February 2021. Its shares are listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie) (WSE).

The Company is registered in the commercial register of the Chamber of Commerce and Industry for Amsterdam under number 81928491. The corporate seat of the Company is in Amsterdam and the registered office is 14th Floor, Capital House, 25 Chapel Street, London, NW1 5DH, United Kingdom.

The Company is organised in a one-tier Board structure, under which managing and supervisory duties are performed by the Board of Directors of the Company (the Board). The Board is responsible for the direction and oversight of the Company and is accountable for all aspects of the Company's business. The Company's corporate governance structure is based on the Articles of Association, the Board of Directors Rules of Procedure (Board Rules), and the terms of reference of the Board's Committees, as well as applicable laws and regulations. The Articles of Association, Board Rules and terms of reference of the Board's Committees can be viewed on the Company's website at www.pepcogroup.eu.

As the Company is incorporated under the laws of the Netherlands and listed on the Warsaw Stock Exchange, the Company complies with the Code of Best Practice for GPW Listed Companies 2021 (the Warsaw Code) and with the Dutch Corporate Governance Code 2022 (the Dutch Code).

The full text of the Warsaw Code is available at www.gpw.pl/best-practice2021 and the full text of the Dutch Code can be viewed at www.mccg.nl. Deviations from the Dutch Code and Warsaw Code are explained in this report in accordance with the "comply or explain" principle.

The Board

Eight Non-Executive Directors
Our eight Non-Executive Directors provide independent oversight and constructive challenge to the Executive Directors.

Two Executive Directors
Our CEO and CFO are appointed to the Board as Executive Directors.

Board Committees

Audit Committee
Key responsibilities:
- reviewing the integrity of the financial statements and any formal announcement relating to the Group's financial performance;
- providing oversight of the Group's internal control and risk management systems; and
- assisting the Board with reviewing risk management, policies and exposures, and ESG strategies, reporting, and goals.

Membership:
- Frederick Arnold (C)
- María Fernanda Mejía
- Brendan Connolly
- Neil Brown
- Sean Mahoney

Nomination Committee
Key responsibilities:
- leading the process for Board appointments and succession planning;
- undertaking the Board evaluation including an externally led evaluation at appropriate times; and
- making recommendations to the Board on the Board's policy on diversity and inclusion.

Membership:
- María Fernanda Mejía (C)
- Brendan Connolly
- Neil Brown
- Paul Soldatos
- Sean Mahoney
- Andy Bond

Remuneration Committee
Key responsibilities:
- recommending the Remuneration Policy and Executive and senior leadership remuneration framework of the Company;
- advising on the structure and target setting of performance-based incentive plans; and
- reviewing all share incentive plans.

Membership:
- Brendan Connolly (C)
- Grazyna Piotrowska-Oliwa
- Paul Soldatos
- Neil Brown
- Frederick Arnold

Executive Committee
The Executive Committee, composed of key leaders, directs the Company's strategies, ensuring alignment with objectives and fostering sustainable growth through collective expertise and decisive leadership.

Senior leadership team

1 This diagram shows the structure of the Board and its Committees as at the date of publication.
2 Whilst Andy Bond is formally a Non-Executive Director, he temporarily had Executive duties in his role of Executive Chair until 1 October 2024.

We have a strong, experienced Board, with a diverse range of professional backgrounds, skills and perspectives. The collective experience of the Directors and the diverse skills and experience they possess, supported by independent thought and constructive debate, enable the Board to reach decisions in a focused and balanced way, which is crucial to ensuring the **continued** long-term success of the Company.

Andy Bond

Non-Executive Chair
British, Male, 59
Appointed 2 February 2023; first term expires in 2026

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Andy has an extensive retail career, focused on the discount sector, having been CEO of Pepco Group until his retirement from the role in January 2022. Prior to this, Andy was COO and later CEO of Asda between 2005 and 2010, and chair from 2011. Earlier in his career, Andy acted as corporate marketing director and managing director of George clothing. Andy has been the non-independent Chair of the Pepco Group Board since his appointment in February 2023. From 12 September 2023 he also adopted the role of interim Executive Chair until 1 October 2024.

Stephan Borchert

Chief Executive Officer
German, Male, 55
Appointed 1 July 2024; first term expires in 2027

Stephan has a strong track record of leading international companies across various sectors including fashion, beauty, pharmacy and healthcare services. His extensive experience in leading complex, multi-brand retail businesses globally and in EMEA made him the stand-out candidate in the search process. Stephan served from 2018 to 2022 as CEO of GrandVision, the global leader in optical retail operating in over 7,400 stores in more than 40 countries worldwide under 33 different retail banners. Prior to GrandVision, Stephan was President of Sephora EMEA on the Global Executive Committee.

Neil Galloway

Chief Financial Officer
British, Male, 56
Appointed 1 April 2023; first term expires in 2026

Neil joined Pepco Group as CFO in April 2023. He has worked as a public company CFO in senior finance and commercial roles at multi-national businesses over the last 15 years. Previously Neil spent 18 years working in investment banking. Prior to Pepco, Neil was executive vice president at IWG plc and led the corporate finance and business development activities. From 2013 to 2019, Neil was group finance director at DFI Retail Group, the international multi-format retailer based in Hong Kong and operating across 11 markets in Asia. Prior to that he was group finance director of The Hongkong & Shanghai Hotels Limited. He is also a non-executive director of AVI Global Trust plc, a FTSE 250 investment trust.

María Fernanda Mejía

Independent
Non-Executive Director
American, Female, 61
Appointed 24 May 2021; second term expires in 2027

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María Fernanda has broad experience and expertise in general management including strategy development, operations, supply chain and talent development. In February 2024, María Fernanda was appointed as independent non-executive director and member of the audit committee of Avery Dennison Corporation. Until February 2023, she was CEO International at Newell Brands. Until February 2020, she served for more than eight years as corporate officer and executive committee member at the Kellogg Company, with her final roles being senior vice president and president of Kellogg Latin America. Prior to this, María Fernanda spent 23 years at the Colgate-Palmolive Company in global marketing and senior management roles within developed and emerging markets. Maria Fernanda previously held non-executive roles at Bunzl plc, Grocery Outlet and International Consolidated Airlines Group.

Committee membership

A Audit Committee
N Nomination Committee
R Remuneration Committee
● Chair of Committee

Brendan Connolly

Independent Non-Executive Director
British, Male, 68
Appointed 24 May 2021; second term expires in 2027

R A N

Brendan brings operational, commercial and strategic expertise. He is a non-executive director at Victrex and Applus. Brendan has more than 30 years experience in the oil and gas and the testing and inspection industries. He was a senior executive at Intertek Group, having been CEO of Moody International, which was acquired by Intertek in 2011. Brendan was managing director of Atos in the UK after spending more than 25 years with Schlumberger in various senior international roles.

Grazyna Piotrowska-Oliwa

Independent Non-Executive Director
Polish, Female, 55
Appointed 24 May 2021; second term expires in 2027

R

Grazyna has board experience across government and business both in Poland and Central and Eastern Europe. At the start of her career, Grazyna spent four years at the Polish Ministry of the State Treasury, where she headed two different divisions. With a proven track record in some of Poland's WIG20 companies, Grazyna worked for 20 years at C-level for Telekomunikacja Polska and PTK Centertel (now Orange Polska), PZU (on the supervisory board), PKN Orlen and PGNiG, as well as CEO and president of the management board of Virgin Mobile Poland/CEE, following a period advising private companies and private equity funds. Grazyna is co-owner and CEO/chair of renowned e-commerce platforms Grupa Modne Zakupy and RentPlanet.

Neil Brown

Non-Executive Director
British, Male, 65
Appointed 17 February 2021; second term expires in 2027

A N R

Neil has global experience in corporate restructurings, private equity and dispute resolution including wide international commercial board roles. He has held a number of chairman, director, and committee positions in international organisations including Magma Fincorp India, Gategroup, Iceland Foods, and Islandsbanki. Earlier in his career Neil helped to build the successful financial services arm of Apax Partners. He acted as a special advisor to the Senior Oversight Committee of the Asset Protection Scheme, operated by an executive arm of HM Treasury. Neil is a qualified Chartered Accountant and a former corporate finance partner at PwC and Deloitte.

Paul Soldatos

Non-Executive Director
American, Male, 75
Appointed 4 May 2021; second term expires in 2027

N R

Paul is a board member and senior advisor in the industrial, service and consumer/retail sectors. He has international experience in M&A, strategic assessment, organisational transformation and financial restructuring with a focus on the US and Europe. Paul has served and is serving as chairman or member of the audit, remuneration, governance, and nomination committees for a number of companies. Paul previously was a partner and member of the management committee of AEA Investors LP in AEA's London office.

Committee membership

A Audit Committee

N Nomination Committee

R Remuneration Committee

Chair of Committee

Frederick Arnold

Independent Non-Executive Director
American, Male, 70
Appointed 6 June 2024; first term expires in 2027

A R

Fred is an experienced senior financial executive who has served on the boards of numerous public and private UK and US companies. He has experience serving as board chair, audit committee chair and the chair of a variety of transactional and other special committees. Fred has led the global finance functions of a series of private equity owned portfolio companies. Prior to this, Fred accrued 20 years of investment banking experience, primarily at Lehman Brothers and Smith Barney (where he was managing director, head of European investment banking). He has extensive experience in M&A and in global equity and debt capital markets.

Sean Mahoney

Non-Executive Director
American, Male, 62
Appointed 15 March 2024; first term expires in 2027

A N

Sean is a private investor and has served as a board director for public and private companies in Europe and the US including Aptiv plc, Howmet Aerospace Inc., Alcoa Inc., Lehman Brothers Holdings (post-bankruptcy), Formula One Holdings, and Tailored Brands Inc. He worked in investment banking for over 20 years, primarily at Goldman Sachs & Co., where he was a partner and head of the Financial Sponsors Group. Sean contributes expertise in business and financial strategy, private equity, capital markets, financing and M&A.

Board and Board Committee changes post year end

- Stephan Borchert was appointed as Executive Director and CEO on 1 July 2024 with a three-month induction to allow for a smooth transition from Andy Bond's interim role as Executive Chair. Andy Bond reverted to the role of Non-Executive Chair on 1 October 2024.

Board changes in FY24

- Helen Lee Bouygues resigned on 2 October 2023 (appointed 4 May 2021).
- Pierre Bouchut resigned on 15 March 2024 (appointed 24 May 2021). Served as Chair of the Audit Committee until 15 March 2024.
- María Fernanda Mejía was appointed as Chair of the Nomination Committee on 2 October 2023.
- Neil Brown, Paul Soldatos and Brendan Connolly were appointed as members of the Nomination Committee on 13 November 2023.
- Sean Mahoney was appointed as member of the Board and a member of Audit and Remuneration Committees on 15 March 2023.
- Frederick Arnold was appointed as a member of the Board, Chair of the Audit Committee and a member of the Remuneration Committee on 6 June 2024.

Board of Directors

The role of the Board is to supervise and manage the general affairs of the Company and its affiliated enterprises (the Group). The Board is collectively responsible for supervising the strategy and long-term success of the Company to achieve its objectives, and for ensuring that there is an effective system of internal controls within the Group for the assessment and management of key risks. In discharging its role, the Board ensures that the Group takes into account the interests of all the Company's stakeholders.

In supervising the strategy of the Company, the Directors also take into account the following matters:

- the implementation and feasibility of the strategy;
- the appropriateness of the Company's business model and the markets in which the Group operates;
- the opportunities and risks for the Company;
- the Company's operational and financial goals and their impact on the Group's future operations in its markets;
- compliance with the Company's legal and regulatory obligations; and
- ESG and employee-related matters, the Group's supply chain and respect for human rights.

The tasks, responsibilities and internal procedures for the Board are addressed in the Articles of Association and Board Rules.

Roles and responsibilities

The Executive Directors are responsible for the day-to-day management of the Company. The Non-Executive Directors are responsible for supervising and advising the Executive Directors.

The positions of the Chair and CEO are distinct, each with their own areas of responsibility, conferred by and accountable to the Board as a whole. This distinction is explained below, and further details are set out in the Articles of Association and the Board Rules of Procedure available on the Company's website.

The Chair of the Board is a Non-Executive Director and is responsible for leading the Board and ensuring its effectiveness, setting its agenda and maintaining high standards of corporate governance. The Chair facilitates the effective contribution of the Non-Executive Directors and constructive relations between them and the Executive Directors.

The CEO is responsible for the day-to-day management of the Group and implementation of the strategy and other Board decisions.

With effect from 12 September 2023, Andy Bond, the Chair of the Board, stepped into the role of Executive Chair to temporarily lead the Executive team and overall management of the Company. Whilst both roles were being performed by the Executive Chair, this did not amend the respective roles and responsibilities of the Chair and CEO.

As of 1 July 2024, Stephan Borchert was appointed as CEO of the Group following recommendation by the Nomination Committee. Andy Bond stepped down as Executive Chair on 1 October 2024 following a three-month transition period.

Prior to the reporting period, the Board established an Executive Committee. The Executive Committee, composed of key leaders including the Group CFO and business Managing Directors, directs the Company's strategy, ensuring alignment with objectives and fostering sustainable growth through collective leadership.

Appointment and composition of the Board

Stephan Borchert was appointed as an Executive member of the Board and CEO, effective 1 July 2024. Andy Bond remained in his role as Executive Chair during the transition period, reverting to the role of Non-Executive Chair on 1 October 2024.

Prior to this reporting period and in accordance with Article 15.5 of the Company's Articles of Association, the Board appointed Neil Brown as Vice Chair of the Board.

The general meeting appointed Sean Mahoney as a Non-Executive Director at the Company's AGM in March 2024. Frederick Arnold was appointed as a Non-Executive Director and Stephan Borchert as an Executive Director and CEO at the Company's EGM in June 2024. Following the EGM, at the end of the reporting period the Board comprised ten members. As at the end of the reporting period, four of the Non-Executive Directors – Brendan Connolly, María Fernanda Mejía, Frederick Arnold, and Grazyna Piotrowska-Oliwa – are considered to be independent in accordance with best practice provisions of the Warsaw Code and the Dutch Code. The remaining four Non-Executive Directors – Andy Bond, Neil Brown, Paul Soldatos and Sean Mahoney – are not considered to be independent within the best practice provisions of the applicable Codes. Andy Bond, as former CEO and Executive Director of the Company, does not qualify as independent. Neil Brown, Paul Soldatos and Sean Mahoney are not independent due to their position as directors of the Company's principal shareholder.

Board members are appointed for an initial period of three years and may then be reappointed for two subsequent three-year terms.

All Directors are subject to formal appointment by shareholders at the AGM and to reappointment after a three-year term in office, following a binding nomination of the Board and in accordance with the Articles of Association of the Company. The general meeting of shareholders may reject a binding nomination of the Board by a resolution passed by two-thirds of the votes cast, representing more than half of the Company's issued share capital.

The general meeting of shareholders can dismiss and suspend members of the Board (other than on the proposal of the Board) upon a majority of two-thirds of the votes cast, representing more than half of the Company's issued share capital. If the proposal is made by the Board, a simple majority of the votes cast is sufficient.

The Chair of the Board and the Board itself are supported by the Company Secretary, who is appointed by the Board and available for advice and assistance to all Board members. The Company Secretary is responsible for ensuring that proper procedures are followed and that the Board acts in accordance with its statutory obligations as well as its obligations under the Articles of Association.

Where Board members have external appointments, the Board is satisfied that such appointments do not impact on the individual Board member's ability to devote adequate time and sufficient attention to the concerns of the Company.

Diversity

Our Board Diversity Policy has been in place since December 2021, and addresses the legal and regulatory requirements to set appropriate and ambitious targets to achieve a more balanced ratio between men and women. Our Board Diversity Policy seeks at least 30% representation of men and women on the Board. As at year end, the Board comprised eight Non-Executive Directors: six are male (75%) and two are female (25%).

Board of Directors continued

Diversity continued
When considering nominations of new Board members, the Board takes account of the following diversity aspects: nationality, work background, gender, age, and qualifications (including education and expertise). The Board is committed to promoting diversity within the Group and ensuring any barriers identified are removed. This remains a key consideration in succession planning at both Board and senior management level.

Induction, training and development
When appointed to the Board, Directors are provided with induction training and information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the Board Committees, and the latest financial information about the Group. This is supplemented by meetings with the Company's professional advisors, and, where appropriate, visits to key locations and meetings with certain senior Executives to develop the Directors' understanding of the business.

Throughout their period of office, Non-Executive Directors are continually updated on our business, markets and other changes affecting the Group and sector in which we operate, including changes to the legal and governance environment and the obligations on themselves as Directors. Specific updates this year included an externally facilitated Board risk workshop.

Board Committees
The Board operates the following principal Committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee. The function of these Committees is to prepare the decision making of the Board.

Each Committee of the Board has established terms of reference which prescribe the role and responsibility of the relevant Committee, its composition, and the process through which the Committee discharges its duties. These terms of reference are available on the Company's website: www.pepcogroup.eu.

During the reporting period, more than half of the members of the Audit Committee (including its Chair) and the Remuneration Committee were independent within the meaning of the applicable best practice provisions of the Warsaw Code and Dutch Code with due observance to the Dutch Decree on Implementation.

Risk workshop
A series of risk workshops and Committee meetings have taken place throughout the year, resetting the enterprise-wide view of risk and shaping the roadmap for further improvements.

- November 2023 – Board risk workshop to review and validate the output from a series of bottom-up, business risk workshops. Provided an opportunity for the Board to share their top-down perspectives.
- December 2023 – Review and approval of a roadmap to mature the risk approach across the Group and enhance risk management capabilities and response activity.
- May 2024 – Board risk workshop to confirm a refined set of principal risks and response plans, as well as review, stress testing and approval of an initial risk appetite framework and corresponding levels.

Board and Committee meetings and attendance
All Directors are expected to attend each Board meeting and each Committee meeting for which they are members, unless there are exceptional circumstances preventing them from participating. Attendance at Board and Committee meetings was as follows:

Directors	Board (15)	Audit Committee (14)	Remuneration Committee (6)	Nomination Committee (6)
Andy Bond (Executive Chair)[1]	15	n/a	n/a	5
Neil Brown (Vice Chair)	15	12	6	4
Paul Soldatos	13	n/a	6	4
Brendan Connolly	14	12	6	5
María Fernanda Mejía	15	13	n/a	5
Grazyna Piotrowska-Oliwa	14	n/a	6	n/a
Neil Galloway	15	n/a	n/a	n/a
Helen Lee Bouygues[2]	–	–	–	–
Pierre Bouchut[3]	3	7	1	n/a
Stephan Borchert[4]	3	n/a	n/a	n/a
Frederick Arnold[5]	3	2	2	n/a
Sean Mahoney[6]	6	4	n/a	3

1 Andy Bond was appointed as Non-Executive Director and Chair of the Board with effect from 2 February 2023. He was appointed as Executive Chair on 12 September 2023 until 1 October 2024.
2 Helen Lee Bouygues was appointed as a Non-Executive Director of the Board on 4 May 2021. She resigned on 2 October 2023.
3 Pierre Bouchut was appointed as a Non-Executive Director of the Board on 24 May 2021. He resigned on 15 March 2024.
4 Stephan Borchert was appointed Executive Director of the Board with effect from 1 July 2024.
5 Frederick Arnold was appointed as a Non-Executive Director of the Board on 6 June 2024.
6 Sean Mahoney was appointed as a Non-Executive Director of the Board on 15 March 2024.
7 n/a - not formally a committee member but may have been in attendance at a meeting as an observer.

Board meetings, attendance and decision making
According to the Board Rules, the Board meets in principle once every two months and at least once each financial quarter. Each Director is entitled to cast one vote. In the event of a tie, the Chair has the casting vote. During FY24, meetings of the Board were held both in person and virtually via Microsoft Teams, as permitted by Article 16.6 of the Articles of Association.

Most decisions of the Board require a simple majority of the votes cast. For Board decisions on matters which cannot be resolved upon by the Non-Executive Directors due to a direct or indirect conflict of interest and for Board decisions to approve a related party transaction, the majority of votes cast must include at least a majority of the votes of the independent Non-Executive Directors.

When determining how many votes are cast by members of the Board, no account shall be taken of Board members who are not permitted to take part in the discussions or decision making due to a conflict of interest.

Decisions of the Board may be taken in writing, provided that all Board members (in respect of whom no conflict exists) have consented in writing.

Areas of focus in FY24

The Board focused on the below areas during the reporting period:

Strategy and operational

- Scrutinised operational and business performance in the context of the Company's business plan and long-term strategy, including the status of key projects.
- Reviewed the Group's strategy and approved the five-year business plan for FY24 to FY28.

External stakeholder engagement

- Reviewed the agenda for the Capital Markets Day.
- Reviewed the content of the Company's external announcements.

Financial performance and risk

- Reviewed financial performance and forecasts.
- Evaluated and approved the FY24 budget.
- Approved the Company's Annual Report and Consolidated Financial Statements for FY23, together with the letter of representation in connection with the Annual Report 2023.
- Reviewed approach to risk and risk management framework.

Governance

- Approved the terms of reference of the Audit Committee, Remuneration Committee, and Nomination Committee.
- Approved the appointment of the new CEO, Stephan Borchert, on the recommendation of the Nomination Committee.
- Approved the appointment of the new Non-Executive Directors, Frederick Arnold and Sean Mahoney.
- Approved the external appointments held by Executive Directors.
- Approved the updated UK tax strategy.
- Approved the updated Board profile as required by the 2022 Dutch Code.
- Approved the external evaluation of the Board, on the recommendation of the Nomination Committee.
- Approved the FY24 Internal Audit Plan.
- Recommended to the shareholders the appointment of Forvis Mazars as the Company's external auditors for FY24.
- Approved the Agenda and Convocation Notice for the 2024 AGM and EGM.
- Reviewed and approved the updated Bank Mandates for Treasury Activities.
- Approved changes to the Board Rules.
- Approved the renewal of the Directors and Officers insurance policy.

Remuneration

In line with the Remuneration Policy of the Company, the remuneration of the Executive members of the Board is determined by the Non-Executive members of the Board, upon recommendation of the Remuneration Committee. The Non-Executive Directors appointed via the Relationship Agreement (being Neil Brown, Paul Soldatos and Sean Mahoney) do not receive remuneration from the Company or its affiliated enterprises. The remuneration of the Non-Executive members of the Board is determined by the Non-Executive members of the Board in accordance with the Remuneration Policy applicable to the Non-Executive Directors, including the Chair of the Board.

The Remuneration Policy and the elements of the remuneration of Board members are set out in the Remuneration report and note 8 to the financial statements.

Conflicts of interest

The Articles of Association and Board Rules prescribe how conflicts of interest between the Company and Board members must be managed.

Transactions between the Company and a Board member who has a conflict of interest must be entered into on arm's length terms. A Board member who has a conflict of interest cannot participate in deliberations and decision making relating to the subject matter of the conflict of interest.

In FY24, payments totalling £63,932.10 were made to Woodcliffe Associates Limited, a company that Andy Bond has a related party interest in.

Any decision to enter into a transaction under which a member of the Board has a conflict of interest that is of material significance to the Company and/or the relevant Board member requires the approval of the Board.

There were no material transactions which gave rise to conflicts of interest with any Board members reported during the reporting period. Reference is made to note 24 (Related party transactions) of the consolidated financial statements for a description of any related party transactions.

Risk management activities of the Board

The Board has the overall responsibility for ensuring that the Group maintains a strong system of internal controls.

The system of internal controls is designed to identify, manage and evaluate, rather than eliminate, the risk of failing to achieve business objectives. It can therefore provide reasonable but not absolute assurance against material misstatement, loss or failure to meet objectives of the business, due to the inherent limitations of any such system.

Internal audit activities are consolidated into one independent Group internal audit function to provide assurance over key risks in all operating companies. A Group risk management framework is in place and updates to risk registers are presented to the Board.

The Board is satisfied that the key risks to the business and relevant mitigating actions are acceptable for a business of the type, size and complexity as that operated by the Group.

Board of Directors continued

Risk management activities of the Board continued

The key elements of the Group's system of internal controls are as follows:

- **Financial reporting:** Monthly management accounts are provided to members of the Board that contain current financial and operational reports. Reporting includes an analysis of actual versus budgeted performance and overviews of reasons for significant differences in outcomes. The annual budget is reviewed and approved by the Board. The Group reports half yearly.
- **Risk management:** A risk profile has been created and is regularly updated and monitored. Each risk identified is allocated an owner and the action required.
- **Monitoring of controls:** The Audit Committee receives regular reports from the external auditors and internal audit. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records of the Group and to safeguard its assets.
- **Staff policies:** There are formal policies and processes in place within the Group supported by third-party technology in relation to anti-bribery and corruption and anti-slavery, as well as whistleblowing polices and independent reporting mechanisms to facilitate the reporting of any suspected wrongdoing or malpractice.

➤ Information on the key risks and uncertainties of the Group is set out on pages 54 to 58

General meetings

The Articles of Association require that the AGM be held in the Netherlands within six months of the end of the financial year. Additional general meetings may be convened at other times by the Board as necessary. The Company's FY24 AGM was held at the Hilton Amsterdam Airport Schiphol on 15 March 2024. Shareholders were invited to attend the AGM in person, and the AGM was broadcast via the Company's website. The right to vote at the AGM could be exercised by an electronic voting proxy with voting instructions to a civil law notary or submitting the voting instructions by means of a proxy form via the Company's website. Shareholders were entitled to submit questions about agenda items prior to the AGM.

The FY25 AGM will be held prior to 31 March 2025. The Articles of Association provide that the agenda for the AGM shall at least be as follows:

- advisory vote in respect of the Remuneration report;
- discussion of the Annual Report;
- discussion and adoption of the annual accounts;
- discharge of the Board members from their liability;
- (if put on the agenda) designation of the Board as competent to issue shares;
- (if put on the agenda) appointment of external auditors; and
- (if required) authorisation of the Board to permit the Company to acquire its own shares.

Convocation

The AGM is convened by publication of a notice on the Company's website at least 42 days prior to the AGM. Shareholders are entitled to propose items for the agenda of the AGM provided that, alone or jointly, they hold at least 3% of the issued share capital of the Company. Proposals for agenda items must be submitted at least 60 days prior to the date of the meeting. A request of a shareholder for an item to be included on the agenda of the AGM must be explained in writing. The principles of reasonableness and fairness may permit the Board to refuse the request.

Voting rights

The authorised share capital of the Company is €17,250,000.00 and is divided into 1,725,000,000 shares with a nominal value of €0.01 each. The issued share capital is €5,760,273.42 divided into 576,027,342 shares. Each share carries one vote. The shares are listed on the WSE.

All shares carry equal rights and are freely transferable.

Shareholders who hold shares on a statutory record date (i.e the 28th day prior to the AGM) are entitled to attend and vote at the AGM.

Shareholders may exercise their rights if they are the shareholders of the Company on the record date and they or their proxy have notified the Company of their intention to attend the AGM in writing or by any other electronic means that can be reproduced on paper ultimately at a date set for that purpose by the Board, which may not be earlier than the seventh day prior to the AGM.

Each share in the issued share capital of the Company confers the right to cast one vote at the AGM.

Adoption of resolutions

Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the AGM are adopted by a simple majority of the votes cast at the meeting.

Shareholder votes can be cast either in writing or electronically.

Amendment of Articles of Association

The Articles of Association can be amended by resolution of the AGM. A resolution to amend the Articles of Association can only be adopted at the proposal of the Board.

Appointment and dismissal of Directors

The Company has a one-tier system of management that means that managing and supervisory duties are carried out by the Board. Appointment and/or dismissal and/or suspension of the members of the Board is the prerogative power of the general meeting of the shareholders. Each Executive Director may also, at any time, be suspended by the Board. Pursuant to the Articles of Association, the number of Directors shall be determined by the Board. Following a binding nomination by the Board, with due observation of the provisions under the Articles of Association, the Directors are appointed at the general meeting. If and when selecting and nominating candidates for the Board, the Diversity Policy is taken into consideration.

Substantial shareholdings

Pursuant to the Financial Supervision Act (Wet op het financieel toezicht) and the Dutch Decree on Disclosure of Major Holdings and Capital Interests in Issuing Institutions, the Company has been notified of the following substantial shareholdings regarding the Company as at 30 September 2024:

	Shares	Percentage
Total free float on WSE, of which:		
Non-substantial shareholdings	155,698,955	27.03
Andy Bond*	3,745,301	0.65
Independent Non-Executive Directors**	101,915	0.02
IBEX Retail Investments (Europe) Limited	415,594,616	72.15
Pepco Group Employee Benefit Trust***	886,555	0.15
Total	576,027,342	100.00

* Including shares held via Kent Road Investments 2019 Limited and Kent Road Investments 2020 Limited.

** Includes shares held by the previous Audit Committee Chair, Pierre Bouchut.

*** Shares are held on trust for the benefit of current and former employees and the trust operates for the fulfilment of the VCP and LTIP, as described in the Remuneration report.

72.15% of the Company's issued share capital is ultimately owned by IBEX Topco B.V. (ITBV), with 0.02% owned by the independent Non-Executive Directors, 0.65% owned by Andy Bond, Non-Executive Chair, and the remaining 27.03% traded on the WSE. Of the shares traded on the WSE, no shareholder owns more than 5%.

At the time of the Company's initial listing on the WSE, the Company entered into a relationship agreement with Steinhoff International Holdings N.V. and certain of its affiliate enterprises. Following the implementation of the Steinhoff reorganisation, the rights of Steinhoff International Holdings N.V. were transferred to ITBV, resulting in an amended and restated agreement between ITBV and certain of its affiliate enterprises (the ITBV Affiliates) to regulate the relationship between the Company and the IBEX group of companies (the Relationship Agreement). The terms of the Relationship Agreement comply with the requirements of principle 2.7.5 of the Dutch Code.

The Relationship Agreement provides that:

a) for so long as the ITBV Affiliates hold, in aggregate, more than 30% of the voting rights of the Company, the ITBV Affiliates will jointly be entitled to nominate three Non-Executive Directors to the Board. This nomination right is reduced to two Non-Executive Directors when the ITBV Affiliates hold, in aggregate, less than 30% of the voting rights of the Company. This nomination right is further reduced when the ITBV Affiliates hold, in aggregate, less than 20% of the voting rights of the Company. If the ITBV Affiliates hold, in aggregate, less than 10% of the voting rights of the Company, they will no longer have the entitlement to nominate any members of the Board;

b) subject to compliance with applicable laws and regulations, including the Market Abuse Regulation, the Company will:

   i. provide certain information to the ITBV Affiliates to enable the ITBV group of companies to fulfil its regulatory and legal obligations and to facilitate the preparation of the accounts of the ITBV Affiliates and connected enterprises for so long as such provision is reasonably required by generally applicable accounting principles; and

   ii. provide reasonable assistance and access to Company management in connection with any planned disposal of shares in the Company that are held by the ITBV Affiliates;

c) transactions and arrangements between the ITBV group of companies and the Group will be conducted at arm's length and on normal commercial terms; and

d) no member of the ITBV group of companies will propose or procure the proposal of a member resolution which would prevent the Company from complying with its legal and regulatory obligations.

Issuance of shares, acquisition of own shares, disapplication of pre-emption rights and transfers of shares

The Articles of Association provide that the general meeting may issue shares (or delegate that authority to the Board). Any delegation to the Board to issue shares must specify the maximum number of shares that can be issued under the delegation and the duration of the delegation cannot exceed five years. The designation can be extended for periods not exceeding five years.

A resolution by the general meeting to issue shares or to designate such authority to the Board can only be taken at the proposal of the Board.

The Articles of Association permit the general meeting to restrict or exclude the pre-emption rights of shareholders at the proposal of the Board. A resolution to exclude shareholders' pre-emption rights requires a majority vote of at least two-thirds of votes cast if less than half of the Company's issued and outstanding share capital is present at the general meeting.

Under the Articles of Association, the Company may acquire its own shares if the general meeting authorises the Board to do so. An authorisation for the Board to acquire shares in the Company is limited to eighteen months. Such authorisation was obtained at the AGM in March 2024, and will be requested at the AGM in March 2025.

No authorisation of the general meeting is required for the Company to acquire its own shares for the purpose of transferring such shares to employees of the Group under an applicable share plan.

There are no restrictions on the transferability of the shares in the Articles of Association or under Dutch law.

Lock-up arrangements

Independent Non-Executive Director

In respect of work undertaken by them in relation to and in preparation for roles as Board members, in the period prior to the Company's listing on the WSE one-off fees were paid to Richard Burrows, Brendan Connolly, María Fernanda Mejía, Grazyna Piotrowska-Oliwa and Pierre Bouchut which were used by these individuals to subscribe for shares in the Company on admission to the WSE (at the admission offer price).

Shares acquired by these Board members on admission must be held until the later of: (i) 26 May 2024; or (ii) the first anniversary of the date on which the relevant Board member ceases his or her directorship of the Company. Richard Burrows stepped down as Non-Executive Director and Chair of the Board following the conclusion of the AGM on 2 February 2023. On 25 May 2024, the shares held by Richard Burrows were released from the lock-up provisions.

Providing oversight and promoting integrity

Frederick Arnold
Audit Committee Chair

Dear Shareholders,

On behalf of the Audit Committee, I am delighted to present the Committee's report for the year ended 30 September 2024.

This marks my first report since joining the Board and being appointed Chair of the Audit Committee in June 2024, after Pierre Bouchut stepped down from his role both as an independent Non-Executive Director and as Audit Committee Chair at the AGM in March 2024. On behalf of the Audit Committee, I would like to express our gratitude to Pierre for his three years of service as Chair and for his commitment and contribution to the Group as a whole. In March 2024, The Committee also welcomed Sean Mahoney to its ranks, contemporaneous with his appointment as a Non-Executive Director.

My onboarding as Chair of the Committee has been greatly facilitated by the Committee, who have spent many hours acquainting me with the details of the Company's accounting judgements, control environment, and financial and control processes. I have engaged in in-depth discussions with the Company's external auditors, our finance team and our internal audit team. These included a review of the Group's internal and management controls, risk framework and the charter and effectiveness of the internal audit function, which now reports directly to me. In addition, I have participated in a wide range of excellent initiatives already underway well before my arrival, including, of particular importance to me, the adoption of a new Group Accounting Policy Manual, together with the Group-wide harmonisation of the chart of accounts and policies and procedures for various accounting provisions and judgements. Finally, I have undertaken a diverse range of specific workstreams including a review of the accounting treatment for our discontinued operations in Austria, the assessment of goodwill and impairment related to Poundland, our foreign currency hedging processes, and the investigation related to last February's fraud in Hungary, among others.

As to our internal functions, the Group is continuously improving these areas and it is very much worth noting the addition in FY24 of a new Group Financial Controller and a new Group Senior Risk Manager focused on our enterprise risk management programme, who complement our new Head of Internal Audit who joined at the tail end of FY23.

This report sets out the ongoing responsibilities and objectives of the Committee and provides an overview of the main activities during FY24, the highlights of which are set out below.

I am particularly pleased that the Committee has an open and constructive relationship with management, with the internal audit function and with our external auditors, whom I thank for their assistance over the year. I would also like to thank my fellow Committee members for their diligence and engagement during the year. I look forward to continuing our work in FY25.

Frederick Arnold
Audit Committee Chair
20 December 2024

Committee membership and meetings

The Committee concluded the year with five members, with a minimum requirement of three members constituting a quorum. The Committee must have at least one member with recent and relevant financial experience, and the Committee as a whole shall have competence relevant to the sector. The Board is satisfied that all Committee members have the required experience to enable the Committee to fulfil its duties. Committee member biographies and attendance at meetings during the year are set out on pages 62 to 66. Three members of the Audit Committee are considered to be independent Non-Executive Directors within the meaning of the Dutch Code and Warsaw Code (Frederick Arnold, María Fernanda Mejía and Brendan Connolly) and two members are not considered to be independent Non-Executive Directors (Sean Mahoney and Neil Brown) due to their relationship with our major shareholder.

At the invitation of the Chair of the Committee, the Chair of the Board, the Group CEO, the Group CFO and the external audit lead partner from Forvis Mazars are invited to attend all Audit Committee meetings. The Company Secretary acts as secretary to the Committee.

Other regular attendees include the Group Financial Controller and the Group Head of Internal Audit; in addition, the Group Treasurer, Head of Tax, Group Chief Information Officer, Head of Sustainability, Group Chief Compliance Officer (including whistleblowing) and Head of Group Reporting are invited to attend all or part of any meetings and are available to meet on a one-to-one basis as and when required to support the Audit Committee fulfilling its role.

At the conclusion of each meeting, Forvis Mazars and the Group Head of Internal Audit invariably are each given the opportunity to discuss matters with the Committee without management being present. Similar private sessions are regularly held with our Group CFO, with our Group Financial Controller and with our Head of Financial Reporting, among others.

The Audit Committee has a schedule of regular, structured meetings throughout the year, but meets as often as is required for its proper functioning and to respond to matters requiring oversight as they arise. The timing of meetings is agreed in advance and set to accommodate a regular cadence of matters and key dates in the financial calendar and, on behalf of the Board, to provide oversight of the Group's risk management and internal control processes. In addition to the regular scheduled meetings, the Committee consults with our external auditors, advisors and management on an ad hoc basis.

➤ Details of attendance of all Board and Committee meetings by Directors are set out on page 66.

Role of the Audit Committee

The formal role of the Committee, as delegated by the Board, is set out in written terms of reference, which are reviewed annually by the Committee and are available on our website.
The Committee's responsibilities include, but are not limited to, the following matters:

- financial and sustainability reporting and compliance with relevant accounting standards and other legal and regulatory requirements;
- reviewing the Group's accounting policies and, in particular, any major accounting issues of a subjective nature are discussed by the Committee;
- reviewing the Group's half-yearly and annual financial statements (including clarity and completeness of disclosure) and the quarterly trading updates;
- providing oversight of the Group's internal control and risk management systems and considering reports on their effectiveness from the Group CFO, Group Financial Controller and Group Head of Internal Audit;
- assisting the Board with the development and execution of the risk management strategy, risk policies and current risk exposures, including maintenance of the Group's risk register; significant risk issues are referred to the Board for consideration;
- reviewing ESG strategies, reporting, goals and targets, monitoring progress and advising the Board as appropriate;
- monitoring the scope of work, quality, effectiveness and independence of the external auditors and recommending to the Board their appointment, reappointment and fees; and
- reviewing the engagement of the external auditors to ensure that the provision of non-audit services by the external audit firm is in accordance with the Group's policy which seeks to ensure that their independence is not impaired.

Key judgements and financial reporting matters

Financial statements

The financial statements are prepared in accordance with Dutch law, and the audit of the Group's financial statements is performed by Forvis Mazars.

Prior to their publication, the Committee reviews the quarterly trading updates, the interim results announcement and financial statements, the Annual Report and associated results announcement, together with the external Auditors' report.

In particular, in FY24, the Audit Committee considered the following in relation to the financial statements:

- the accounting principles, policies and practices adopted and the adequacy of related disclosures in the reports;
- the significant accounting issues, estimates and judgements of management in relation to financial reporting;
- whether any significant adjustments were required as a result of the audit;
- the assessment of goodwill and, in particular, the procedures performed by management to assess whether goodwill recognised on the purchase of Poundland should be impaired;
- the classification of Pepco Austria as a discontinued operation;
- the classification and presentation of non-underlying items;
- the restatement of prior year balances;
- compliance with statutory tax obligations;
- whether the information set out in the Annual Report and the financial statements are fair, balanced, comprehensive, clear, and understandable and covered both positive and negative aspects of performance; and
- whether the use of APM obscured IFRS Accounting Standards measures.

Going concern

The Committee assessed and confirmed the appropriateness of adopting the going concern basis of accounting in preparing the Annual Report and Consolidated Financial Statements. The Committee considered the Group's liquidity and available credit facilities, including the revolving credit facility, and reviewed the liquidity impact of a severe, but plausible, management downside scenario.

True and fair view

At the request of the Board, the Committee considered whether the financial statements and the elements of the Annual Report that are relevant to the financial statements, as a whole, is fair, balanced and understandable and whether it provides the necessary information to shareholders to assess the Group's position, performance, business model and strategy.

To form its opinion, the Committee reviewed the financial statements set out in the Annual Report and interim results, together with management and the external auditor's assessment of items included in the financial statements and the prominence given to them. The Committee, and subsequently the Board, is satisfied that, taken as a whole, the Annual Report and Consolidated Financial Statements is fair, balanced, and understandable.

External auditors

Forvis Mazars have been the Group's auditors since the financial year ended 30 September 2021 and, at our AGM in March 2024, shareholders approved their reappointment as the Group's external auditors for the financial year ended 30 September 2024. The partner responsible for the Group audit opinion is Onno Opzitter.

Forvis Mazars use PwC as component auditors in several countries to perform the work on local entities. Forvis Mazars review all of the auditors' audit files and are involved throughout the audit process in accordance with ISA auditing standard 600.

The Committee continually assesses the ongoing effectiveness and quality of the external auditor and the audit process, which includes discussing details of the audit process with our senior financial team, the auditors, and a variety of staff throughout the organisation. We seek and encourage feedback from the members of the Committee and stakeholders at all levels across the Group on our auditors' objectivity, appropriate mindset and professional scepticism.

Audit of the annual accounts

Forvis Mazars are engaged to express an opinion on the financial statements. The Committee held independent meetings with the external auditors during the year and reviewed, agreed, discussed and challenged their proposed FY24 audit plan, including the materiality applied, their scope, and their assessment of the financial reporting risk profile of the Group.

The Committee discussed the views and conclusions of Forvis Mazars regarding audit and accounting matters, together with management's treatment of significant transactions and areas of judgement during the year. The Committee considered these and is satisfied with the treatment in the financial statements.

Independence and objectivity

The Committee is responsible for the annual assessment of the external auditors' independence, taking into account the Group's relationship with the auditors' as a whole, including any threats to the auditors' independence and the safeguards applied to mitigate those threats including the provision of any non-audit services.

Auditor independence is maintained by reviewing Forvis Mazars' and PwC's confirmation of their independence and their procedures to safeguard independence and objectivity and monitor the nature and value of non-audit services performed.

Audit fees and non-audit services

Payments made to Forvis Mazars in the financial year ended 30 September 2024 for audit, audit-related and other services are set out in note 5 to the consolidated financial statements.

The Group's policy prevents the external auditors from providing any services designated as prohibited within the Dutch Code or the Warsaw Code and requires Committee approval of their provision of any other services regardless of their magnitude. Any non-audit services will be subject to tender processes, with the allocation of work made on the basis of competence, cost effectiveness, regulatory requirements, potential conflicts of interest, and knowledge of the Group's business. Non-audit fees paid to our external auditors as a percentage of audit fees totalled 7.8% over the last three years.

Risk management and internal controls assurance

Risk management systems

The Board has overall responsibility for oversight of individual risks and ensuring that the Group maintains a sound system of internal control. There are inherent limitations in any system of internal control and no system can provide absolute assurance against material misstatements, loss, or failure. Equally, no system can guarantee elimination of the risk of failure to meet the objectives of the business. The Board delegates oversight responsibility for risk to the Audit Committee.

Against that background, the Committee reviewed the Group's overall approach to enterprise risk management and control, and its processes, outcomes, and disclosure. The Audit Committee has approved the rollout of an enterprise risk management approach across the business in 2025, building on the team's progress in 2024.

The Group is proactive in ensuring that Group and operational risks are consistently identified and managed within each operating company. In addition, the Group risk appetite is regularly assessed and our risk register is maintained with attention to:

- the risks and the impact they may have;

- actions to mitigate risks; and
- ownership of risks.

A description of the key risks is set out on pages 52 to 58.

The Board has confirmed that it has conducted an assessment of the principal risks facing the Group, including those which threaten its business model, future performance, solvency or liquidity. The Board considers that the processes undertaken by the Committee are appropriately robust and effective.

Internal control framework

During the year, the Board has not been advised by the Committee of, nor has it identified itself, any failings, fraud, or weaknesses in internal control which it has determined to be material in the context of the financial statements, other than as described below.

As reported on 27 February 2024, The Group was the target of a sophisticated fraudulent phishing attack in its Hungarian business, resulting in a loss of approximately €15.5m in cash. The investigation into the fraud by various national and international authorities, including the pursuit of any potential recovery, is ongoing. The Company has also undertaken a full investigation including a review of its phishing training and procedures throughout the Group, which have been fully re-communicated throughout the business with mandatory assessments.

Additional actions have also been taken to strengthen cash and other controls across the business based on specific learning from this incident. This included engaging external forensic specialists to leverage industry best practice and subject matter expertise and initiating a comprehensive analysis of balance sheet positions. This, together with a review of the accounting policies across the Group, identified some instances of non-compliance with procedures and accounting rules in some of the historical accounting, including related to supplier discounts, although the financial impact was not material. Any issues identified were remediated and corrected as part of year-end reporting.

The Committee continues to promote and support the ongoing strengthening of controls throughout the Group and believes that the Group has a well-defined organisational structure with clear lines of responsibility and a comprehensive financial reporting system including internal audit reporting to the Committee.

Regulation

The Group operates within an increasingly regulated environment, including regulations concerning controlling bribery and corruption, the importation of goods, data protection, and health and safety. The Group endeavours to comply completely with all such regulations and strives to continuously improve our Compliance function. For example, to that end, in FY24 we refreshed all our relevant policies and brought into the Group a new Chief Compliance Officer based in Hong Kong.

Policies and compliance

On an annual basis, the Committee reviews the Group's Treasury Policy (covering risk management, treasury governance and internal controls, systems and practices) and Tax Strategy, and receives reports to confirm compliance with the policies.

The Group has policies and processes in place for whistleblowing and the Committee encourages an environment where colleagues have the opportunity to raise concerns about possible fraudulent activity and any other concerns that arise within the organisation. Following the developments discussed on Page 50 the Committee is also satisfied that arrangements are in place for proportionate investigation of such matters, including appropriate follow-up action.

Internal audit

As alluded to above, following an external search process, the Committee appointed a new Group Head of Internal Audit and established the Group internal audit team in Q4 of FY23. The team was developed in FY24 with a key objective to strengthen governance by providing valuable insights and recommendations that would help safeguard the organisation's assets, reputation, and sustainability.

The Internal Audit Charter was approved by the Committee in October 2023 and updated in September 2024. This defines the purpose, authority, and responsibility of the function within the organisation and establishes its independence and authority. The governance structure of the internal audit function was reviewed in FY24. To ensure the independence of the function and that it remains objective in its evaluations, the Group Head of Internal Audit reports functionally to the Audit Committee Chair and organisationally to the Group CFO.

The Group Head of Internal Audit informs the Group CFO and the Audit Committee Chair without delay if, during the performance of its duties, the function discovers or suspects an instance of material misconduct or irregularity. If the actual or suspected material misconduct or irregularity pertains to the functioning of one or more of the Executive Directors, the internal audit function reports this to the Chair of the Board of Directors. Records are kept of how the Committee is informed by the internal audit function.

The Committee reviewed the FY25 Internal Audit Plan and approved a risk-based approach to audit planning, focusing on the areas of highest risk to the organisation. The Committee reviewed and discussed the quarterly internal audit reports, assessing the results of audit activities, together with the completion status of agreed actions. The Committee oversees in detail the design and ownership of processes to resolve outstanding issues or actions.

During the year, the Committee or Committee Chair met frequently with internal audit without executive management being present and discussed the results of the audits performed and any additional insights of the Group Head of Internal Audit.

Internal audit effectiveness

During the year, the internal audit team performed an effectiveness self-assessment against compliance with Dutch Code and Warsaw Code requirements. Based on this we are compliant with all internal audit requirements in the Dutch Code and all but one Warsaw Code requirement (which states best practice is for no compensation for internal audit or compliance teams to be based on company results, while noting that all variable compensation is based on achieving minimum financial targets).

The internal audit self-assessment confirms that the function is effective in fulfilling its core responsibilities. The assessment highlights significant improvements made in the past year and several areas of focus for FY25. There is confidence that the Group internal audit function will continue to evolve, maintaining its effectiveness whilst better serving the needs of our stakeholders and contributing to the organisation's success.

Environmental, social and governance (ESG)

The ESG strategy is set at Group level and pulls together the ESG plans and actions of our operating companies. Within the business, ESG actions and initiatives are directed and prioritised by an ESG Committee, which is chaired by the Group CFO and meets monthly to review progress. The Audit Committee reviews ESG strategies, goals and targets, and monitors progress on a quarterly basis, advising the Board as appropriate.

We continue to monitor that the Group is compliant with ESG regulatory reporting requirements today and in the future and keep ourselves updated on the changing regulatory requirements in this area, for example reporting according to the ESRS for the first time in FY25, as noted on page 35. A quarterly ESG report is provided to the Audit Committee providing an update on the ESG goals, the carbon emissions roadmap, and the net zero transition strategy 2050 cost projections.

➤ **For further information on the Group's approach to ESG, please see our report on pages 49 - 51.**

Shaping Board excellence

María Fernanda Mejía
Nomination Committee Chair

Dear Shareholders,

On behalf of the Nomination Committee, I am pleased to present our FY24 Committee report. I would like to thank the members of the Nomination Committee for their continued support and hard work during the financial year. We have managed change at the most senior level of the business in FY24 and can look forward to further progress in FY25.

Key area of focus in FY24

The Committee's principal focus for FY24 has been the appointment of our new CEO, Stephan Borchert, the appointment of Frederick Arnold as a Non-Executive Director and Audit Committee Chair, the appointment of Sean Mahoney as Non-Executive Director, the externally led Board evaluation and the further development of our succession plan, as outlined below.

In addition, we have:

- recommended to the Board revisions to the policy on diversity and inclusion (the D&I Policy);
- reviewed and approved the structure, size and composition of the Board;
- approved the Directors' Retirement Schedule;
- reviewed and approved the Board Committees' membership; and
- approved updated Nomination Committee terms of reference.

Talent and succession

The Committee recognises that having the right Directors and senior management, with the right capabilities, experience and industry knowledge, is fundamental to the Group's long-term, sustainable success. Accordingly, the Committee has dedicated significant time and resources to enhancing succession planning and building on the talent currently in the business.

CEO appointment

An important part of our work this year was the appointment of our new CEO, Stephan Borchert. The Committee worked with an external search firm to identify and interview suitable CEO candidates from across the retail sector, including an in-depth selection process to ensure the candidate recommended to the Board had the right expertise to fulfil the role. The Committee oversaw the preparation and implementation of Stephan's tailored induction programme, capturing the priorities of the Group. The programme provided insight to the business operations, governance and controls, and included an opportunity to meet colleagues across the Group. We would like to thank Andy Bond for returning to an executive leadership role and acting as Executive Chair during FY24, as well as for his guidance during Stephan's three-month induction period.

Audit Committee Chair appointment

One of the key responsibilities of the Committee is to consider the skills, knowledge and experience of prospective candidates. In our search for an Audit Committee Chair, a detailed role specification was prepared by the Committee and an external search firm was appointed to lead the process to identify potential candidates. The appointment followed a thorough process to ensure the candidate would help meet the strategic ambitions of the business. We welcomed Frederick Arnold as an independent

Non-Executive Director of the Board and as Audit Committee Chair following his appointment at the EGM on 6 June 2024.

Succession planning

The Committee dedicated time to ongoing succession planning. We reviewed the adequacy and effectiveness of the succession planning processes. The Committee oversaw management's "Talent and Succession Strategy", recognising the need to focus on enhancing senior leadership and to manage the available talent pool within the Group. This has resulted in a clearer understanding of talent and skills within the business and a stronger pipeline for succession.

Committee composition and organisation

Our Committee comprises six members, each of whom is a Non-Executive Director of the Company. On 2 October 2023 Andy Bond stepped down as interim Chair of the Committee and María Fernanda Mejía was appointed by the Board as the new Chair of the Committee. The Committee is delighted that Sean Mahoney was appointed as one of its members following his appointment as Non-Executive Director at the EGM held on 6 June 2024.

The Committee currently consists of Brendan Connolly, Paul Soldatos, Neil Brown, Sean Mahoney, Andy Bond, and María Fernanda Mejía. Brendan Connolly and María Fernanda Mejía are independent Non-Executive Directors within the meaning of the Dutch Code and the Warsaw Code. The other four members of the Committee are Non-Executive Directors who are not considered to be independent. The Company Secretary acts as secretary to the Committee.

The Committee has a strategic work plan and meets at least three times a year and otherwise as required. Committee meetings are scheduled in advance. The quorum for the transaction of business by the Committee is two members. The Committee makes recommendations to the Board on any area within its remit that it deems appropriate.

Key responsibilities

The Committee's main duties are:

- to lead the process for Board appointments including selection criteria and appointment procedures;
- to review the structure, size, and composition of the Board;
- to make recommendations to the Board on the profile of the Board;
- to make recommendations to the Board on the D&I Policy;
- to manage succession planning for the Board and senior Executives of the Company; and
- to review the Board evaluation process.

The Committee held six meetings during the year. More detail on the role and duties of the Committee can be found in the terms of reference for the Committee, which are published on the Company's website.

Board evaluation

One of the roles of the Committee is to oversee the Board evaluation process, which for FY24 was externally facilitated. The key areas of focus for the review were: role, responsibilities and performance of the Board and its individual members. This evaluation was made through in-depth one-on-one interviews with all the Directors. The findings were presented back to the Board during an externally led session. Key strength areas were identified including Board culture and contribution and the effective use of time and information. The report also identified opportunities for Board development, including the successful induction of the incoming CEO, the evolution of Board composition and its approach to succession planning.

The Committee has prepared an action plan which it will review and track progress against this evaluation through FY25.

Profile of the Board

The Board has prepared a profile of its size and composition, taking into account the nature of the business and its relevant activities. The combined experience, expertise, background and independence of the Board members enables the Board to carry out its duties and responsibilities effectively in relation to the Company and its stakeholders.

The appointments of Brendan Connolly, Grazyna Piotrowska-Oliwa, Frederick Arnold and me to the Board comply with the independence requirements of the Dutch Code and the Warsaw Code. The appointments to the Board of Neil Brown, Sean Mahoney and Paul Soldatos comply with the terms of the Relationship Agreement.

Diversity and inclusion

The Company has a D&I Policy, which underscores the commitment to promoting equality, diversity and inclusion for both the Board and the senior leadership team. A diverse and inclusive workplace continues to be a priority for the Board and the Committee. Please see pages 65 and 66 of the corporate governance section for more information.

Key areas of focus for FY25

The Committee, together with the Board, will continue to support and encourage the leadership of the Group to ensure its continued long-term growth and success. The Committee will focus on the following priorities in the forthcoming year:

- ensuring a smooth and effective transition for our new CEO;
- continued focus on expertise and skills of key leaders in the business;
- reviewing the evolution of Board composition and effectiveness; and
- continued focus and monitoring of the risk and control environment.

María Fernanda Mejía
Nomination Committee Chair
20 December 2024

Rewarding performance

Brendan Connolly
Remuneration Committee Chair

Dear Shareholders,

I would like to thank you for your continued support in 2024 during which time we have faced many changes as a business. We amended our Remuneration Policy at the AGM in March 2024 to further align with our strategy and have continued to operate within this policy during 2024. As a Dutch company listed on the WSE we have multiple reporting requirements which we have chosen to supplement with additional information. The Remuneration report on pages 79 to 83 will be presented for an advisory vote at our next AGM.

Introduction

The Remuneration Committee's purpose is to develop a reward package for Executive Directors and senior leadership that supports the Company's vision and strategy, and to ensure that rewards are performance based, encourage long-term shareholder value creation and take into account the remuneration of the whole workforce. More detail on the role and duties of the Committee can be found in the terms of reference on the Company's website.

Committee composition

The Committee comprises five members, each of whom is a Non-Executive Director of the Company. Three members constitutes a quorum. Frederick Arnold, Grazyna Piotrowska-Oliwa and I are members of the Committee who are independent Non-Executive Directors within the meaning of the Dutch Code and Warsaw Code. Paul Soldatos and Neil Brown are not considered to be independent. The Chair of the Board may not be a member of the Remuneration Committee. The Company Secretary acts as secretary to the Committee. Other individuals, including senior Executives and external professional advisors to the Committee, may be invited to attend when appropriate and necessary. No individual will be present when their own remuneration is discussed.

The Remuneration Committee meets at least three times each year and is responsible for preparing the decision making of the Board on the remuneration of members of the Board and selected senior Executives.

The Committee is also responsible for reporting to the Board on the implementation of the Remuneration Policy in each year in the context of the achievement of the Company's long-term strategy and objectives.

Responsibilities

The main duties of the Remuneration Committee are as follows:

- to recommend to the Board the Remuneration Policy of the Company;
- to advise on and recommend to the Board the remuneration framework for the Executive Directors and selected senior Executives and to advise the AGM on the remuneration of the Non-Executive Directors;
- to advise on the structure of target setting for performance-based incentive plans of the Company, including monitoring performance against any targets;
- to review all share incentive plans for approval by the Board and shareholders; and
- to prepare the Remuneration Report.

Committee activities in FY24

During the reporting period, the Committee focused on the areas as set out below:

- reviewed remuneration for the Executive Directors and selected senior Executives;
- reviewed and approved salary levels for the Executive Directors and selected senior Executives;
- reviewed and approved the terms of the restricted share awards made to executives in place of the Company's VCP;
- reviewed and approved the remuneration package for our incoming CEO;
- reviewed and approved the introduction of the Share Match Plan along with the performance measures and targets in relation to the award for the newly appointed CEO;
- reviewed and agreed the terms for the awards for Executives in the Group Long Term Incentive Plan (LTIP);
- reviewed and approved performance against FY24 Short-Term Incentive Plan (STIP) targets for the Executive Directors;
- reviewed and approved the FY24 STIP measures, weightings and targets;
- reviewed and approved appropriate measures, weightings and targets for the Group LTIP for the FY25 award;
- considered workforce remuneration approach and policies;
- considered the Executive remuneration market update provided by the Committee's advisors;
- reviewed and approved the terms of reference to ensure alignment with the Dutch Code and Warsaw Code;
- updated the Remuneration Committee's terms of reference;
- reviewed Executive Directors' shareholdings against shareholding requirements;
- reviewed the 2024 AGM shareholder and proxy voting agency feedback;
- considered alignment of Executive pay with Company culture; and
- reviewed and approved the Remuneration Report.

Board changes

Incoming CEO

Stephan Borchert was appointed as an Executive Director and CEO with effect from 1 July 2024. He commenced with a three-month induction allowing for a smooth transition from Andy Bond's interim period as Executive Chair which commenced in September 2023. Andy Bond remained in his role as Executive Chair during the transition period, reverting to the role of Non-Executive Chair on 1 October 2024.

On appointment to the Board, Stephan's salary was set at £900,000 with a pension allowance of 13% of his salary. Some assistance for living expenses and relocation was granted for eighteen months. Stephan is eligible for a maximum bonus of 150% of salary and a Group LTIP award of 300% of salary. In addition, Stephan will also participate in the Share Match Plan allowing him to invest up to two times his annual salary in shares in the Company. In return the Company will award matching shares.

Remuneration outcomes in FY24

In terms of remuneration outcomes in FY24, Andy Bond and Neil Galloway did not receive salary increases. Stephan Borchert and Neil Galloway received a pension allowance of 13% of salary. Andy Bond did not receive a pension allowance.

The STIP (bonus plan) for the Executive Directors consisted of a financial goal of €517m for the Group's underlying EBITDA delivery on an IAS 17 basis, representing 80% of the annual bonus opportunity, with the balance based on achieving strategic goals. The strategic goals comprised of LFL growth targets, strategic plans for specific areas, defining the ERP strategy and implementation, organisational changes, and implementing a supplier financing plan.

Bonus plan

Following an assessment by the Committee of the personal contributions during the year of the Executive Directors, the following cash bonuses have been awarded.

- Andy Bond received a cash bonus of £821,640.
- Stephan Borchert received a pro-rated cash bonus of £221,400 for the three months between 1 July and 30 September, based on the same goals as Andy Bond.
- Neil Galloway received a cash bonus of £617,400.

For FY25, the maximum bonus opportunity for the CEO and CFO will remain at 150% of salary and the bonus opportunity will continue to be divided into 80% for underlying Group EBITDA on an IAS 17 basis and 20% for strategic goals. This financial performance metric is aligned with senior management's bonus plan. Due to the commercial nature of the targets these will be published in the FY25 Annual Report.

Value Creation Plan

We had previously mentioned that the VCP was being phased out in favour of the LTIP (Performance Share Plan (PSP)) with only one remaining individual in the VCP being our Chair, Andy Bond. The plan is capped at €14m and concludes in FY26.

The PSP was originally approved at the AGM held in January 2022. The plan was introduced for the first time FY24 so as yet we do not have any outcomes for this plan. The CEO and CFO are eligible for 300% and 250% respectively.

The PSP awarded in 2024 consists of the following targets: an IAS17 EBITDA less net debt measure (60%), an EBIT measure (30%) and ESG targets of a 10% reduction in Scope 1 and 2 emissions and 100% coverage for factory audits.

The FY25 PSP plan will consist of: adjusted EPS (45%), a ROIC measure (45%), which is the same as reported in the financial section of the Annual Report, and 10% for the same ESG measures as 2024 with adjusted and more challenging targets.

As mentioned above, we introduced a Share Match Plan which was approved at the EGM held in June 2024.

Long Term Incentive Plan

At the AGM held in January 2022 we received support for the introduction of a new LTIP. Until the VCP concludes, the new LTIP is intended to be used alongside the VCP for senior Executives.

Chair and Non-Executive Director fees

Non-Executive Director fees are the remit of the Chair and CEO, and an amended scale of payment was put in place for all independent Non-Executive Directors. The Chair fee, which is the remit of the Remuneration Committee remains the same for FY25.

As disclosed in last year's report Andy Bond took on the role of Executive Chair until our new CEO completed his induction period on 1 October 2024; therefore, Andy has reverted from his base salary of £835,000 in relation to the Executive Chair role to his Chair's fee of £400,000. He will retain his 1.0% participation right in the VCP.

Alignment to Group strategy

To ensure alignment to Group strategy, summed up as profitable and share price growth in a sustainable manner, we have centred the targets around these themes in the various long-term and short-term incentives.

Conclusion

In summary, in FY24 we have continued the move towards a more standardised and recognisable structure of STIPs and LTIPs as outlined in last year's report. The move away from the VCP has continued with only one participant remaining.

After due consideration and debate, we believe the remuneration outcomes to be fair in terms of alignment to the stakeholder experience and, no discretion was applied. I would like to thank the Committee for their work, debate, and input during the year and look forward to interacting with our stakeholders in the forthcoming year.

Brendan Connolly
Remuneration Committee Chair
20 December 2024

The following section provides details of how Board members were paid during the financial year to 30 September 2024.

The Remuneration Committee members, activities and meetings during the year are set out on pages 62 and 66 along with the Committee's purpose, roles and responsibilities, and are thereby included in this part of the report by reference.

The Remuneration Committee took scenario analyses into account when initially setting the Remuneration Policy and continues to take them into account when operating the Remuneration Policy. Payout opportunities in different scenarios were conducted when setting remuneration. None of the Directors received any remuneration from entities within the Group other than as disclosed in this report. The Remuneration Committee did not deviate from the Remuneration Policy in the year.

No concerns or issues were raised with respect to the advisory vote of the AGM approving the 2023 Remuneration Report.

Advisors

Korn Ferry is a signatory to the UK Remuneration Consultants Group Code of Conduct (the Code of Conduct) and was appointed by the Remuneration Committee in 2021 having submitted a proposal which demonstrated its skills and experience in executive remuneration both in the UK and across Europe. Korn Ferry provides advice to the Committee on matters relating to Executive remuneration.

The Committee was satisfied that the advice provided by Korn Ferry remains objective and independent, having noted its commitment to the Code of Conduct.

Single total figure of remuneration table

	Salary/ fees		Taxable benefits		Pension		Bonus		LTIP		Other		Total remuneration		Total fixed remuneration		Total variable remuneration	
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€
	FY24	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23	**FY24**	FY23
Executive Directors																		
Andy Bond	**976,432**	327,335	**4,852**	9,659	**–**	–	**960,809**	–	**2,881,008**	–	**–**	–	**4,823,101**	336,994	**981,284**	336,994	**3,841,817**	–
Neil Galloway	**701,628**	344,610	**27,082**	8,937	**91,212**	44,799	**721,975**	689,220	**–**	–	**–**	–	**1,541,896**	1,087,566	**819,921**	398,346	**721,975**	689,220
Stephan Borchert	**263,111**	–	**83,656**	–	**34,204**	–	**258,901**	–	**–**	–	**643,915**	–	**1,283,786**	–	**380,971**	–	**902,815**	–
Trevor Masters	**78,380**	731,423	**–**	48,148	**–**	133,869	**–**	–	**–**	3,115,308	**–**	625,109	**78,380**	4,653,857	**78,380**	913,440	**–**	3,740,417
Non-Executive Directors																		
Brendan Connolly*	**113,284**	89,024	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**113,284**	89,024	**113,284**	89,024	**–**	–
Frederick Arnold	**55,058**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**55,058**	–	**55,058**	–	**–**	–
Grazyna Piotrowska-Oliwa	**86,534**	71,219	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**86,534**	71,219	**86,534**	71,219	**–**	–
Helen Lee Bouygues	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
María Fernanda Mejía	**104,075**	71,219	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**104,075**	71,219	**104,075**	71,219	**–**	–
Neil Brown	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Paul Soldatos	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Pierre Bouchut*	**46,044**	89,024	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**46,044**	89,024	**46,044**	89,024	**–**	–
Sean Mahoney	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–

* FY24 Committee Chair.
** Pierre Bouchut resigned as Chair of the Audit Committee on 15 March 2024. Frederick Arnold was appointed as Chair of the Audit Committee on 6 June 2024.

Notes to the table

1 Stephan Borchert was appointed as permanent CEO with effect from 1 July 2024. His remuneration in the table is pro-rated for the proportion of the year in which he performed the role.
2 Andy Bond has not formally been appointed as an Executive Director, but for the purpose of comprehensive disclosure, his remuneration will be expressed as an Executive Director in order to reflect his Executive Director duties within his Executive Chair role. Andy was appointed Chair on 2 February 2023, before becoming Executive Chair on 12 September 2023 and returning to his role as Chair on 1 October 2024. Andy's fees for FY24 are therefore reflective of the salary he received as Executive Chair of £835,000. Andy did not receive any payments under the annual bonus plan during his time as Chair.
3 Andy Bond did not receive a separate pension payment within his role of Executive Chair. Stephan Borchert pension is in the form of a cash equivalent payment. Neil Galloway's pensions is split, part contribution to a pension scheme, and part cash equivalent payment.
4 Salary/fees, taxable benefits, and bonus are all short-term employee benefits.
5 The Company has not revised or clawed back the remuneration of any Directors in the year.
6 No loans, advances or guarantees have been provided to any Director.
7 Neil Brown, Helen Lee Bouygues, Paul Soldatos and Sean Mahoney did not receive payment from the Company in FY24.
8 "LTIP" in respect of Andy Bond relates to 600,000 unexercised share options vested under the Chair Award in FY24 at a closing share price of 20.52 PLN.
9 "Other" remuneration in respect of Stephan Borchert includes a single payment in relation to a forfeited bonus from a previous role prior to joining the Company.
10 Trevor Master's received salary from the period 1 September 2023 to the termination date 12 October 2023.

FY24 annual bonus performance against targets

As discussed in the Remuneration report, 80% of the maximum payout is conditional upon the delivery of the Group's EBITDA target and 20% is conditional upon strategic KPIs. Given the EBITDA outcome on an underlying IAS17 basis at constant currency this has resulted in a payment of 68.2% of the maximum in relation to this element. Andy Bond was eligible for a bonus in FY24 in his role as Executive Chair. Neil Galloway received a bonus for the full year and Stephan Borchert received a pro-rated bonus for the period he was in role of CEO from 1 July 2024.

Directors' share option plans in Pepco Group

The table below details outstanding share awards previously granted to the Executive Chair and the current CFO. Save for Andy Bond, no share awards have been granted to the Non-Executive Directors.

	Scheme	Award date	Exercise price	Share price used (PLN)	Share awards held at 30 Sept 2022	Awarded during the year	Vested during the year	Share awards lapsed during the year	Share awards held at 30 Sept 2024	Total share value at award (EUR)	Vesting date	Exercise period
Andy Bond	VCP	14/2/22	Nil	46.35	2,389,162	–	–	–	2,389,162	24,119,000	See notes	2/3/32
Andy Bond	Special award	11/4/24	Nil	20.52	–	1,600,000	(600,000)	(200,000)	800,000	7,682,688	See notes	On vesting
Neil Galloway	Buy-out	12/10/23	Nil	30	156,888	–	–	–	156,888	738,598	See notes	1/4/26
Neil Galloway	VCP transfer	30/09/23	Nil	22.42	181,600	–	–	–	181,600	861,523	See notes	30/9/25
Neil Galloway	NCOs	22/12/23	Nil	25.42	–	322,714	–	–	322,714	1,886,780	See notes	30/9/26

Notes to the table

1 The VCP award of nil-cost options granted to Andy Bond will be fully offset at vesting against founder shares.
2 The nil-cost options are capable of being granted under the VCP over various years, subject to annual hurdles up to early 2027 (further details are included in the Remuneration Policy). Vesting is determined following the year end. Where the annual hurdle has been reached, awards may continue to vest until the eighth vesting date.
3. VCP awards are also subject to a holding period which ends two years from the first vesting date for that award.
4. Andy Bond was granted the "Chair Award" in April 2024 which vests according to performance conditions in FY25 and FY26.
5. Following appointment, in acknowledgement of the forfeited short-term incentives from Neil's past employment, Neil was granted nil-cost options equivalent to 150% of his annual base salary. The grant was approved prior to 30 September 2023 and was formally documented on 12 October 2023.
6. The VCP opportunity granted to Neil Galloway is exchanged for RSUs as detailed in this table, alongside participation in the Group LTIP. The grant will vest in two years, subject to financial performance measures, and has a one-year hold period.
7. Neil Galloway was awarded 322,714 share awards in relation to nil cost options which will vest in FY26 as long as certain performance conditions are met.

Awards granted during the financial year to 30 September 2024

There have been no nil-cost options granted in the financial year under the VCP as the performance threshold was not met. No new awards have been granted under the Equity Award Plan (EAP) during the financial year.

Andy Bond – one-off share award

In recognition of the role that Andy Bond undertook as the Executive Chair he was granted a one-off share award of 1,600,000 shares. This award of shares was split into two tranches, with the first half vesting at the end of FY24 and second at the end of FY25, with both having an EBITDA performance condition.

Date of grant	Number of share options	Vesting date	Performance conditions
11 April 2024	Base award - 600,000 Additional award - 200,000	30 September 2024	FY24 EBITDA (IAS 17)
	Base award - 600,000 Additional award - 200,000	30 September 2025	FY25 EBITDA (IAS 17)

Neil Galloway – LTIP awards

Under the LTIP, approved at the AGM in January 2022, Neil was granted an award of shares of 250% of his salary in December 2023 using a share price of PLN 24.66 to calculate the number of shares. This award has performance conditions over the three years to the vesting of the award at the end of FY26 of an IAS 17 EBITDA less net debt measure (60%), an EBIT measure (30%) and ESG targets of a 10% reduction in Scope 1 and 2 emissions and 100% coverage for factory audits.

Date of grant	Number of share options	Vesting date	Performance conditions
22 December 2023	322,714	30 September 2026	As outlined above

Statement of Directors' shareholding and share interests

Under the share ownership guidelines set out in the Remuneration Policy, the CEO and CFO are encouraged to build and maintain a shareholding equivalent to at least 300% and 200% of their base salaries respectively. The 300% level also applied to the Executive Chair whilst in role. Shares are valued using the Company's closing middle market share price on 29 September 2024 of 20.52 PLN, the PLN/EUR exchange rate of 0.2308, and the GBP/EUR exchange rate of 1.1694.

The following table shows how each Executive Director complies with the shareholding guidelines and the current holdings by Non-Executive Directors as at 30 September 2024:

	Shares held at 30 September 2024	Shares held by connected persons	Unexercised and/ or unvested and subject to a service and performance requirement	Shareholding requirement	Current shareholding % of salary	Requirement met
Executive Directors						
Neil Galloway	25,000	–	661,202	200% of salary	17%	No
Stephan Borchert	427,518	–	–	300% of salary	192%	No
Non-Executive Directors						
Andy Bond	3,745,301	–	3,989,162	–	–	–
Brendan Connolly	26,700	–	–	–	–	–
Frederick Arnold	–	–	–	–	–	–
Grazyna Piotrowska-Oliwa	20,651	–	–	–	–	–
María Fernanda Mejía	18,067	–	–	–	–	–
Neil Brown	–	–	–	–	–	–
Paul Soldatos	–	–	–	–	–	–
Sean Mahoney	–	–	–	–	–	–

1 Stephan Borchert was appointed to the Board on 1 July 2024. The shareholdings in the table represent his holdings that he has purchased, where these shares count towards the Investment Shares within the Share Match Plan.
2 Shares held by Andy Bond include shares held by investment vehicles.
3 The nil-cost options issued to Andy Bond under the VCP in February 2022 when he was CEO will be offset against his founder shares, and underpinned, in line with the VCP underpin mechanism approved by the AGM in February 2023. The shareholding requirements under the Remuneration Policy apply to Executive Directors. Andy Bond is not an Executive Director; his information has been included to reflect his Executive Director duties as part of his Executive Chair role until 1 October 2024.
4 Neil Galloway has nil-cost options over 156,888 shares due to vest on 1 April 2026, and 181,600 unvested restricted shares when vested the holding of these shares would result in a shareholding of 245%.

Directors' and employees' remuneration table

The information below is in respect of the financial year ended 30 September 2024 against the prior year comparison.

	Total remuneration 2024 €	Total remuneration 2023 €
Executive Directors		
Andy Bond (Executive Chair and previously NED Chair)	**4,823,101**	336,994
Neil Galloway (CFO)	**1,541,896**	1,087,566
Stephan Borchert (CEO)	**1,283,786**	–
Non-Executive Directors		
Brendan Connolly (Committee Chair)	**113,284**	89,024
Frederick Arnold (Committee Chair, appointed June 2024)	**55,058**	–
Grazyna Piotrowska-Oliwa (NED)	**86,534**	71,219
Helen Lee Bouygues (NED, resigned October 2023)	**–**	–
María Fernanda Mejía (Committee Chair)	**104,075**	71,219
Neil Brown (NED)	**–**	–
Paul Soldatos (NED)	**–**	–
Pierre Bouchut (Committee Chair, resigned March 2024)	**46,044**	89,024
Sean Mahoney (NED, appointed March 2024)	**–**	–

Governance

Change in Director and employee remuneration

The following table outlines the percentage change from one year to the next for Director and employee remuneration, reported in line with the regulations.

Executive pay ratio

The Dutch Code requires the executive pay ratio and the trend to be disclosed in the annual Remuneration Report. The basis of the pay ratio comparison uses the Dutch methodology of average employee remuneration.

The chart below summarises the five-year history of total remuneration for the Executive Directors, being the CEO and CFO, alongside the average remuneration per FTE (excluding Executive Directors). Also shown is the remuneration ratio of the CEO versus the average employee remuneration.

Note, whilst the table has been shown in Euros to reflect the reporting currency of the Group, the Executive Directors were paid in GBP. In FY24, Neil Galloway received a salary of £600,000 per annum, Stephan Borchert received a salary of £900,000 per annum, and Andy Bond received a salary of £835,000 which have been pro-rated in the table below to reflect the portion of the year in which they were in the role.

	FY20 €	FY21 €	FY22 €	FY23 €	**FY24 €**
CEO[1,4,6] total remuneration (A)	584,918	801,970	1,103,330	4,079,370	**4,823,101**
YoY %	(25%)	37%	38%	270%	**18%**
CFO[1,3] total remuneration	697,906	964,442	710,005	1,087,566	**1,541,896**
YoY %	80%	38%	(26%)	53%	**42%**
Average employee (FTE) total remuneration costs[2] (B)	17,986	20,640	21,309	21,395	**22,817**
YoY %	(1%)	15%	3%	0%	**7%**
Ratio (A) versus ratio (B)	33:1	39:1	52:1	191:1	**211:1**

1 Remuneration of the CEO and CFO reflects the total remuneration by year including base salary, taxable benefits, Company pension contributions, STIPs and LTIPs (where received). The GBP amounts have been converted to Euros based on FX rates used for consolidating the Group's results.
2 Average employee remuneration is based on the total employee costs across the Group divided by average number of employees on a "full time equivalent" basis by year.
3 The previous CFO retired with effect from 1 May 2022 so the 2022 figure reflects the pre-retirement remuneration. The current CFO joined the Group on 1 April 2023. therefore, the 2023 figure reflects a partial year only.
4 The former CEO (Trevor Masters) was appointed to the role in May 2022; therefore, the 2022 figure reflects an aggregated figure for the retired CEO (Andy Bond) up to his retirement in March 2022 and the former CEO from his appointment in May 2022.
5 Andy Bond's remuneration in his role as Executive Chair has been included in the CEO line for FY24. No amounts have been included in the CEO line for Stephan Borchert in FY24.
6 Remuneration for Trevor Masters includes unexercised share options and excludes severance payments.

Relative importance of spend on pay

The table below shows the Company's expenditure on employee pay compared to distributions to shareholders between 1 October 2023 and 30 September 2024.

	FY24 €m	FY23 €m
Distributions to shareholders	**–**	–
Total employee pay	**863.9**	724.5

Implementation of Policy from 1 October 2024 to 30 September 2025

Policy element	Stephan Borchert (CEO)	Neil Galloway (CFO)
Base salary	£900,000	£618,000
Benefits	Pension of 13% of base salary, private medical insurance, life assurance, income protection, and car allowance	Pension of 13% of base salary, private medical insurance, life assurance, income protection, and car allowance
Annual bonus (payable in cash following completion of the annual audit)	Maximum entitlement of £1,350,000 (150% of salary)	Maximum entitlement of £927,000 (150% of salary)
LTIP Grant of performance share awards with a three-year performance period and additional two-year holding period (see below)	Annual grant of 300% of salary of performance share awards	Annual grant of 250% of salary of performance share awards
Share Match Plan Investment in shares in the Company. In return the Company awards matching shares	One-time award of matching shares	N/A
Malus and clawback	Provisions apply	Provisions apply
Shareholding requirement (whilst employed)	300% of salary	200% of salary

LTIP performance conditions

Awards granted to the CEO and CFO in FY25 will be subject to the following performance conditions which will be assessed by the Remuneration Committee following the end of FY27.

The performance conditions comprise of a 45% EPS growth measure, a 45% ROIC measure, and 10% ESG measures.

The Share Match Plan allows the investment of up to two times salary where the Company then provides an award of matching shares of up to six times the investment dependent on the achievement of share price growth targets that range between PLN 28 and PLN 48.

Directors' Remuneration Policy

This Remuneration Policy is available on our website. It was amended following shareholder approval at the June 2024 EGM and has not changed since then. The changes approved were:

- to allow a notice period of up to twelve-months' from either party under Executive Directors' service contracts (previously this was six-months);
- to enable Executive Directors to participate in the Share Match Plan;
- to introduce relocation support for Executive Directors who relocate to perform their role; and
- to reflect the then current position of the VCP and LTIP.

The Remuneration Policy permits deviation from the Policy in the event that it is required for the long-term interests and stability of the Company or for its profitability. There has been no deviation from the Remuneration Policy (or the malus and clawback provisions contained within it) to report for the period 30 September 2024.

The proportion of fixed and variable remuneration

To support the Policy's objectives to deliver long-term sustainable success of the Company, the remuneration package of our Executive Directors includes a mix of fixed and variable remuneration. The proportion for FY24 is approximately 29% for fixed pay and 71% for variable remuneration on a target basis. For Andy Bond the fixed element of pay is 20%, 80% variable, for Stephan Borchert is 30% fixed, 70% variable and for Neil Galloway is 53% fixed, 47% variable.

Brendan Connolly
Remuneration Committee Chair
On behalf of the Board

Deviation from the Dutch Corporate Governance Code and Warsaw Code

As the Company is listed on the WSE and incorporated under the laws of the Netherlands, the Company applies the Code of Best Practice for WSE Listed Companies (the Warsaw Code) and complies with the Dutch Code by applying principles and best practice provisions that are applicable or explaining why the Company deviates from them.

As the principles set out in the Warsaw Code are similar to the principles of the Dutch Code, the Company complies with a majority of the principles and best practice provisions of the Dutch Code.

The Company currently does not apply the following provisions of the Dutch Code:

2.1.5 Policy on diversity and inclusion (D&I policy)	The Company has a D&I policy which focuses on diversity and inclusion within the Board. The Board recognises the importance of diversity and inclusion within the organisation as a whole (including at senior management level) and established goals and baselines as part of our 2030 ESG strategy. It is currently being considered whether the D&I policy should be amended to broaden the policy's scope in accordance with the Dutch Code.
2.1.6 Reporting on diversity and inclusion	Consequently, the Company's reporting with respect to the implementation of the D&I policy is limited to the level of the Board. It is currently being considered whether the D&I policy should be amended to broaden the policy's scope. More generally however, the Company's reporting with respect to diversity and inclusion is not limited to the D&I policy and the Company is working to improve its reporting capabilities across the Group.
2.1.7 Independence of the supervisory board	The Company operates a one-tier Board which complies with principle 2.1.7(i). Following Andy Bond stepping in as Executive Chair in September 2023, Stephan Borchert was appointed as an Executive member of the Board on 6 June 2024. He was also appointed CEO, to begin on 1 October 2024, with a three-month transition period, beginning on 1 July 2024. Andy Bond remained in his role as Executive Chair during the transition period, reverting to the role of Non-Executive Chair on 1 October 2024 The Board consists of three Non-Executive Directors, four independent Non-Executive Directors, and three Executive Directors. With regard to principle 2.1.7(iii), three Non-Executive Directors are appointed to the Board pursuant to arrangements between the Company's majority shareholder (which holds more than 10% of the shares of the Company) and certain of its creditors. This arrangement was entered into before the Company listed on the WSE. The conditions of appointment of the shareholder-nominated Non-Executive Directors are set out in a Relationship Agreement between the Company and certain affiliates of the Company's majority shareholder. A summary of the key terms of the Relationship Agreement is available on the Company's website. Given the nature of the Relationship Agreement, the independence of the supervisory board is not expected to change in the short term.
2.1.9 Independence of the chairman of the supervisory board	Andy Bond was formerly CEO and Executive Director of the Company. Therefore Andy Bond is non-independent Chair of the Board. From 12 September 2023 he was interim Executive Chair and resumed his role as non-independent Chair on 1 October 2024.
2.2.2 Appointment and reappointment periods – supervisory board members	Members of the Board are appointed for a period of three years and may then be reappointed twice for three-year periods. These appointment arrangements are common in the UK, and permitted under the Warsaw Code to which the Company is subject to. For these reasons, the status of compliance with 2.2.2 is not expected to change.
2.2.4 Succession	The term of appointment for the creditor-appointed Non-Executive Directors is determined by the Relationship Agreement, and the independent Non-Executive Directors have been appointed for a term of three years, capable of extension for a further two three-year terms. A retirement schedule is in place and has been published on the Company's website.
2.5.2 Code of Conduct	The Company does not currently have a Group-wide Code of Conduct. Most of the subject matter which is traditionally included in a Code of Conduct is included in established policies and procedures in place across the Group. However, the Company intends to introduce a group-wide Code of Conduct in the new fiscal year.
2.5.4 Accountability regarding culture	The Company does not currently have a Group-wide Code of Conduct. Most of the subject matter which is traditionally included in a Code of Conduct is included in established policies and procedures in place across the Group. However, the Company intends to consider the introduction of a group-wide Code of Conduct in the new fiscal year.
3.3.2 Remuneration of supervisory board members	In respect of work undertaken by them in relation to, and in preparation for, roles as Board members, in the period prior to the Company's listing on the WSE, one-off fees were paid to Brendan Connolly, María Fernanda Mejía, Grazyna Piotrowska-Oliwa and Pierre Bouchut which were used by these individuals to subscribe for shares in the Company on admission to the WSE (at the admission offer price). Shares acquired by these Board members on admission must be held until the later of: (i) 26 May 2024; or (ii) the first anniversary of the date on which the relevant Board member ceases his or her directorship of the Company.
5.1.3 Independence of the chairman of the board of directors	Andy Bond was formerly CEO and Executive Director of the Company. Therefore, Andy Bond does not qualify as independent within the meaning of best practice provision 2.1.8.

The Company currently does not apply the following provisions of the Warsaw Code:

1.5	**Disclose amounts expensed by the group in support of culture, sports, charities, media, social organisations, trade unions, etc.**	Any such expenses have been reported internally, disclosure and assessment as to the rationality of such expenditures will be considered in the new fiscal year.
2.11.5	**The supervisory board prepares a report to the AGM once per year to include an assessment of the rationality of expenses referred to in principle 1.5**	Any such expenses have been reported internally, disclosure and assessment as to the rationality of such expenditures will be considered in the new fiscal year.
3.4	**Basis of remuneration for those responsible for risk, compliance and internal audit**	Risk and compliance are managed by the Group General Counsel and the Head of Internal Audit. The remuneration of these individuals is primarily dependent on the performance of delegated tasks. However, consistent with all employees of the Company, a proportion of these individuals' respective annual bonuses is dependent on the Company achieving specific financial targets for the relevant financial year. The financial targets for the Company's annual bonus scheme are set by the Company's Remuneration Committee.
3.7	**Group remuneration for risk, compliance and internal audit roles**	The remuneration of employees who work in risk and compliance roles and internal audit roles across the Group comprises a salary and eligibility to receive an annual bonus. A proportion of the annual bonus is dependent on the Company achieving specific financial targets. The financial targets for the relevant company's annual bonus scheme are set by the relevant company's remuneration committee and are aligned with the financial targets set by the Company's Remuneration Committee. The risk, compliance and internal audit functions of businesses within the Group report organisationally to the CFO. Managers within the risk, compliance and internal audit functions of the Group's businesses attend the meetings of the local board's audit committee.
6.3	**Company incentive schemes**	The Company established an incentive scheme (the Value Creation Plan) for senior management of the Group in March 2020, which was 12 months prior to the Company's admission to the WSE. The Value Creation Plan incentive scheme complies with the majority of the requirements of principle 6.3 except that the incentive scheme does not include non-financial targets and share options will be issued to participants at nil cost. Andy Bond was granted a one-off "Chair Award" in April 2024 which complies with some of the requirements of principle 6.3 but it is a two-year award, does not include non-financial targets and the exercise price is nil.

The Board presents its report, together with the audited consolidated financial statements, for the year ended 30 September 2024.

Indemnity provisions

The Company indemnifies all Directors within its Articles of Association.

In addition, the Company holds: (i) Directors' and Officers' liability insurance, which provides cover for liabilities incurred by Directors in the performance of their duties or powers; and (ii) Public Offering of Securities Insurance, to ring-fence any exposure arising from the Initial Public Offering in May 2021.

No payments were made as a result of the indemnity or by the insurer during the reporting period.

Conflicts of interest

Group-wide processes are in place to review potential conflicts of interest held by senior management, including the Board. Conflicts are routinely raised at Board meetings and recorded as appropriate.

Audit information

The Board confirms that: (i) to its knowledge there is no relevant audit information of which the auditors are unaware; and (ii) the Board has taken all reasonable steps to ascertain any relevant audit information and ensure that the auditors are aware of such information.

Information contained in the Strategic report

The Strategic report on pages 4 to 59 contains certain information required to be included within this Directors' report. This relates to employee matters, future developments, risk management, and how the Board considers the views of stakeholders.

To the extent that the reports contain forward-looking statements, these are made by the Board in good faith based on the information available at the time of the Annual Report.

Financial instruments

Details of the Group's objectives and policies on financial risk management and of the financial instruments currently in use are set out in note 17 to the consolidated financial statements which form part of the report.

Employees

Diversity and inclusivity

The Company is fully committed to the elimination of unlawful and unfair discrimination and values the difference that a diverse workforce brings to the Company. The Company has policies applicable to all colleagues in furtherance of these commitments and will continue to focus on developing these in the next financial year.

Disabled people

The Group seeks to ensure that disabled people, whether applying for a vacancy or already in employment, receive equal opportunities in respect of job vacancies that they are able to fulfil. They are not discriminated against on the grounds of their disability and are given full and fair consideration of applications, continuing training while employed, and equal opportunity for career development and promotion. Where an existing colleague suffers a disability, it is our policy to retain them in the workforce where that is practicable.

Ethical conduct

The Board is committed to ensuring that all employees, customers and suppliers act in an ethical manner. The Group has policies in place relating to anti-bribery and corruption, anti-money laundering, insider trading, child labour, human rights and sanctions.

➤ **See further detail on pages 49 to 51.**

Going concern

The Board is satisfied that the Group will be able to operate within the levels of its facilities and resources for the foreseeable future and deems it appropriate to adopt the going concern basis in preparing the financial statements. This is outlined in more detail in the Going concern statement on page 59.

Additional information

Political donations

No political donations were made and no political expenditure was incurred during the year (FY24:£Nil). The Company has an established policy of not making donations to any political party.

Dividends

The Board has recommended a full year dividend of 6.2 cents per share subject to the approval of shareholders at the FY25 AGM.

Significant post-balance sheet events

There are no post-balance sheet events to report for FY24.

Articles of Association

The Company's Articles of Association may only be amended by a resolution of the general meeting.

Rules of Procedure

The Rules of Procedure provide for an internal division of tasks, procedures, and decision-making of the Board of the Company. In performing their duties, the Directors shall comply with these rules.

On 12 September 2023, Andy Bond was appointed as interim Executive Chair with the responsibility for leading the Executive team and the overall management of the Company until a successor CEO was appointed. This is a deviation from the Rules of Procedure, in particular the responsibilities of the Chair and CEO. This statement is made in accordance with clause 20 of the Rules of Procedure.

On 1 July 2024, Stephan Borchert was appointed as CEO and Executive Director and Andy Bond reverted to the role of Non-Executive Chair on 1 October 2024 following a three-month transition period.

Research and development

The Group designs products for sale in stores and has arrangements with suppliers for the development of goods. Further, the Group has invested in the use of more sustainable products and packaging (see ESG section on pages 34 to 51 for further details).

Change of control

The Senior Facilities Agreement provides that if the Company is delisted or otherwise removed from the WSE, or all or substantially all of the assets of the Group are sold in a single transaction or a series of transactions, the Company is required to notify the finance agent. Following a negotiation period, lenders have a right to cancel their commitments upon giving 30 days' notice.

Board of Directors' statement

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Board of Directors hereby represents, to the best of its knowledge, that the statutory financial statements of the Company, and its consolidated subsidiaries for the year ended 30 September 2024 are prepared in accordance with the applicable accounting standards and that they give a true and fair view of the assets, liabilities, financial position, and results of the Company and its consolidated subsidiaries, and that the report of the Board of Directors for the year ended 30 September 2024 gives a true and fair view of the position of the Company and its consolidated subsidiaries as at 30 September 2024 and of the development and the performance of the Company and its consolidated subsidiaries during the year ended 30 September 2024, including a description of the key risks that the Company is confronted with.

The Board confirms that:

i. the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;

ii. the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;

iii. based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and

iv. the report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of the report.

Stephan Borchert
Chief Executive Officer
20 December 2024

Neil Galloway
Chief Financial Officer
20 December 2024

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Consolidated income statement
for the year ended 30 September 2024

	Note	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Continuing operations			
Revenue	3	**6,166,749**	5,595,664
Cost of sales		**(3,460,720)**	(3,356,213)
Gross profit		**2,706,029**	2,239,451
Administrative expenses		**(2,371,764)**	(1,997,171)
Goodwill impairment	11	**(724,824)**	–
Other non-financial assets impairment	10,11,12	**(54,578)**	(3,130)
Operating (loss) / profit from continuing operations	5	**(445,137)**	239,150
Financial income	6	**31,803**	10,245
Financial expense	7	**(140,785)**	(90,550)
(Loss) / Profit before taxation from continuing operations for the year		**(554,119)**	158,845
Taxation	9	**(107,520)**	(50,481)
(Loss) / Profit from continuing operations for the year		**(661,639)**	108,364
Loss on discontinued operations	25	**(48,530)**	(11,733)
(Loss) / Profit for the year		**(710,169)**	96,631
Earnings per share	30		
Basic earnings per share from continuing operations		**(114.9c)**	18.8c
Basic earnings per share from discontinued operations		**(8.4c)**	(2.0c)
Basic earnings per share		**(123.3c)**	16.8c
Diluted earnings per share from continuing operations		**(114.9c)**	18.7c
Diluted earnings per share from discontinued operations		**(8.4c)**	(2.0c)
Diluted earnings per share		**(123.3c)**	16.7c

The notes on pages 94 to 128 form part of these financial statements.

Consolidated statement of other comprehensive income
for year ended 30 September 2024

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
(Loss) / Profit for the year	**(710,169)**	96,631
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	**48,942**	46,909
Effective portion of changes in fair value of cash flow hedges	**121,518**	(38,060)
Net change in fair value of cash flow hedges reclassified to profit or loss	**(85,240)**	(128,442)
Deferred tax on items that are or may be reclassified subsequently to profit or loss	**(8,238)**	34,924
Other comprehensive income / (loss) for the year, net of income tax	**76,982**	(84,669)
Total comprehensive income for the year	**(633,187)**	11,962

The notes on pages 94 to 128 form part of these financial statements.

Consolidated statement of financial position
at 30 September 2024

	Note	30 September 2024 €000	30 September 2023 (Restated) €000	As at 1 October 2022 (Restated) €000
Non-current assets				
Property, plant and equipment	10	**742,833**	746,437	524,550
Right-of-use asset	12	**1,304,678**	1,225,683	1,018,240
Goodwill and other intangible assets	11	**107,316**	847,477	814,238
Trade and other receivables	14	**52**	46	2,422
Derivative financial instruments	17	**1,766**	6,232	5,186
Deferred tax asset	18	**106,434**	113,414	91,296
		2,263,079	2,939,289	2,455,932
Current assets				
Inventories	13	**1,235,457**	1,119,547	942,894
Tax receivable		**253**	865	3,735
Trade and other receivables	14	**102,874**	143,132	71,417
Derivative financial instruments	17	**32,741**	42,106	165,216
Cash and cash equivalents		**363,336**	330,417	343,933
		1,734,661	1,636,067	1,527,195
Total assets		**3,997,740**	4,575,356	3,983,127
Current liabilities				
Trade and other payables	15	**1,380,519**	1,270,302	927,884
Current tax liabilities		**21,683**	–	47,944
Lease liabilities	12	**346,594**	304,794	310,484
Borrowings	16	**–**	118,794	68,339
Derivative financial instruments	17	**51,259**	91,045	37,040
Provisions	19	**20,504**	2,254	16,749
		1,820,559	1,787,189	1,408,440
Non-current liabilities				
Trade and other payables	15	**3,396**	21,763	37,733
Lease liabilities	12	**1,034,395**	988,377	823,060
Borrowings	16	**612,980**	610,270	546,203
Derivative financial instruments	17	**1,227**	1,730	8,122
Provisions	19	**13,767**	28,319	31,016
		1,665,765	1,650,459	1,446,134
Total liabilities		**3,486,324**	3,437,648	2,854,574
Net assets		**511,416**	1,137,708	1,128,553
Equity attributable to equity holders of the parent				
Share capital	20	**5,760**	5,760	5,750
Share premium reserve	20	**13**	13	13
Cash flow hedge reserve		**(4,351)**	(32,391)	99,187
Merger reserve		**(751)**	(751)	(751)
Translation reserve		**25,535**	(23,407)	(70,316)
Share-based payment reserve		**39,908**	33,013	35,830
Retained earnings		**445,302**	1,155,471	1,058,840
Total shareholders' equity		**511,416**	1,137,708	1,128,553

The notes on pages 94 to 128 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 September 2024

	Share capital €000	Share premium €000	Cash flow hedge reserve[1] €000	Translation reserve[2] €000	Merger reserve[3] €000	Share-based payment reserve[4] €000	Retained earnings €000	Total equity €000
Balance at 1 October 2023	**5,760**	**13**	**(32,391)**	**(25,784)**	**(751)**	**33,013**	**1,177,285**	**1,157,145**
Impact of correction of errors (note 26)	–	–	–	2,377	–	–	(21,814)	(19,437)
Restated balance at 1 October 2023	**5,760**	**13**	**(32,391)**	**(23,407)**	**(751)**	**33,013**	**1,155,471**	**1,137,708**
Total comprehensive income for the period								
Loss for the year	–	–	–	–	–	–	(710,169)	(710,169)
Other comprehensive income for the period	–	–	28,040	48,942	–	–	–	76,982
Total comprehensive income for the period	–	–	28,040	48,942	–	–	(710,169)	(633,187)
Transactions with owners, recorded directly in equity								
Issue of share capital	–	–	–	–	–	–	–	–
Equity-settled share-based payments (see note 21)	–	–	–	–	–	6,895	–	6,895
Total contributions by and distributions to owners	–	–	–	–	–	6,895	–	6,895
Balance at 30 September 2024	**5,760**	**13**	**(4,351)**	**25,535**	**(751)**	**39,908**	**445,302**	**511,416**

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.

4 The Group provides equity settled share based payment awards; see note 21.

The notes on pages 94 to 128 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 September 2023

	Share capital €000	Share premium €000	Cash flow hedge reserve[1] €000	Translation reserve[2] (Restated) €000	Merger reserve[3] €000	Share-based payment reserve[4] €000	Retained Earnings (Restated) €000	Total equity (Restated) €000
Balance at 1 October 2022	5,750	13	99,187	(70,316)	(751)	35,830	1,075,041	1,144,754
Impact of correction of errors (note 26)	–	–	–	–	–	–	(16,201)	(16,201)
Restated balance at 1 October 2022	5,750	13	99,187	(70,316)	(751)	35,830	1,058,840	1,128,553
Total comprehensive income for the period								
Profit for the year	–	–	–	–	–	–	96,631	96,631
Other comprehensive income for the period	–	–	(131,578)	46,909	–	–	–	(84,669)
Total comprehensive income for the period	–	–	(131,578)	46,909	–	–	96,631	11,962
Transactions with owners, recorded directly in equity								
Issue of share capital	10	–	–	–	–	–	–	10
Equity-settled share-based payments (see note 21)	–	–	–	–	–	(2,817)	–	(2,817)
Total contributions by and distributions to owners	10	–	–	–	–	(2,817)	–	(2,807)
Balance at 30 September 2023	**5,760**	**13**	**(32,391)**	**(23,407)**	**(751)**	**33,013**	**1,155,471**	**1,137,708**

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.

4 The Group provides equity settled share based payment awards; see note 21.

The notes on pages 94 to 128 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 September 2024

	Note	30 September 2024 €000	30 September 2023 €000
Cash flows from operating activities			
(Loss)/Profit for the period from continuing operations:		(661,639)	108,364
Adjustments for:			
Depreciation, amortisation and impairment	10,11,12	972,430	160,092
Right-of-use asset depreciation	12	364,757	302,940
Financial income	6	(31,803)	(10,245)
Financial expense	7	140,785	90,550
Profit on sale of property, plant and equipment		(270)	(477)
Equity-settled share-based payment expenses	21	6,895	(2,817)
Taxation	9	107,520	50,481
		898,675	698,888
Decrease/(Increase) in trade and other receivables		42,459	(57,660)
Increase in inventories		(49,514)	(175,075)
Increase in trade and other payables		11,932	321,239
Decrease in provisions and employee benefits		(3,993)	(17,208)
Settlement of derivatives		6,802	(38,099)
Cash generated by operations		906,361	732,085
Tax paid		(85,449)	(75,424)
Net cash from operating activities in discontinued operations		(1,909)	(3,946)
Net cash inflow from operating activities		819,003	652,715
Cash flows used in investing activities			
Proceeds from sale of property, plant and equipment		2,290	1,445
Interest received		22,960	2,897
Disposal of a subsidiary net of cash disposed		(8,465)	–
Additions to property, plant and equipment	10	(204,559)	(356,664)
Additions to other intangible assets	11	(7,189)	(25,815)
Net cash from investing activities in discontinued operations		(78)	(7,159)
Net cash outflow used in investing activities		(195,041)	(385,296)
Cash flows from financing activities			
Proceeds from the issue of share capital		–	10
Proceeds from borrowings net of fees incurred		–	431,215
Repayment of borrowings		(120,000)	(315,000)
Interest paid		(56,184)	(18,809)
Payment of interest on lease liabilities	12	(77,311)	(60,188)
Repayment of lease liabilities	12	(364,274)	(319,992)
Net cash from financing activities in discontinued operations		(2,970)	(6,781)
Net cash outflow from financing activities		(620,739)	(289,545)
Net increase/(decrease) in cash and cash equivalents		3,224	(22,146)
Cash and cash equivalents at beginning of period		330,417	343,933
Effect of exchange rate fluctuations on cash held		29,695	8,630
Cash and cash equivalents at end of period		363,336	330,417

The notes on pages 94 to 128 form part of these financial statements.

1. Significant accounting policies

Pepco Group N.V. (the Company) is a public limited liability company incorporated in the Netherlands (registration number 81928491) and domiciled in the United Kingdom. The Company has a primary listing in on the Warsaw Stock Exchange. The registered address is 14th Floor, Capital House, 25 Chapel Street, London, NW1 5DH, United Kingdom. Pepco Group operates a European multi-format discount retail chain, specialising in apparel, homeware, and fast-moving consumer goods, serving value-conscious customers.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU (Adopted IFRS Accounting Standards), and also comply with the statutory provisions of part 9 of Book 2 of the Dutch Civil Code. The parent company financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed by the EU and with part 9 of Book 2 of the Dutch Civil Code; these are presented on pages 128 to 138.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Group financial statements.

1.1 Measurement convention

The financial statements have been prepared on the historical cost basis except for derivatives which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

1.2 Going concern

In determining the appropriate basis of preparation of the 2024 consolidated financial statements, the Board of Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future.

At the time of signing the consolidated financial statements, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for the foreseeable future, which is not less than 12 months from signing these financial statements. The Group undergoes a rigorous and comprehensive annual budgeting and long-term planning process which is reviewed and challenged by various stakeholders across management and the Board. This financial plan, which is ultimately approved by the Board, is then utilised to measure business performance and it also forms the 'base case' upon which the going concern analysis has been based.

In assessing going concern, the Group has considered a 2-year period to the end of FY26, beyond the minimum requirement of 12 months form the date of signing the 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.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Executive Chair's and CFO's reports. Since the going concern assessment uses a base case which has been built on the financial plan, careful consideration has been given to the current macroeconomic environment and the future implications and impacts it may have.

Given the above, the Directors have deemed the application of the going concern basis for the preparation of these consolidation financial statements to be appropriate.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions from entities under common control

In accounting for Group reorganisation as a business combination under common control, the following principles have been adopted:

- Where investments are acquired in exchange for consideration and the transactions have economic substance the Group has chosen to account for these transactions at fair value by applying acquisition accounting in accordance with the principles of IFRS 3 as discussed in the accounting policy for business combinations.
- Where businesses are acquired in exchange for the issue of shares, the Group has chosen to account for these transactions using the transferor's book values (pooling of interest method) with the difference between the value of the net assets acquired and nominal value of the shares issued being recognised within a merger reserve in equity.

1. Significant accounting policies continued

1.3 Basis of consolidation continued

Change in subsidiary ownership and loss of control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Unless otherwise indicated, the consolidated and parent company financial statements are prepared on the accruals basis in thousands of Euro (€000). The Euro is the Group's presentation currency and the Company's functional currency.

Group reorganisation

The Group undertook a Group reorganisation exercise during 2021. As part of this process, Pepco Group N.V. (formerly Pepco Group B.V.) was inserted above Pepco Group Limited in the Group's structure.

On 13 May 2021, Pepco Group N.V. (the Company) acquired the entire shareholding of Pepco Group Limited and its related subsidiaries, by a way of a share for share exchange with Flow Newco Limited, becoming the Group's immediate parent company. The insertion of the Company on top of the existing Pepco Group Limited does not constitute a business combination under IFRS 3 "Business Combinations" and instead has been accounted for as a Group reorganisation. Merger accounting has been used to account for this transaction.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group's presentation currency at the monthly average foreign exchange rate. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentation currency, the Euro, at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated at the average rate during the month in which they were incurred. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve.

1.5 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in this consolidated historical financial information for share capital exclude amounts in relation to those shares.

1.6 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Financial assets – classification, subsequent measurement and gains and losses

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit or loss (FVTPL).

The Group makes an assessment of the objective of the business model in which a financial asset is held because this best reflects the way the business is managed and information is provided to management.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not have any financial assets accounted for at FVOCI. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets which are accounted for in accordance with the accounting policy (note 1.7) for derivative financial instruments and hedge accounting. All financial assets are recognised at the trade date.

1. Significant accounting policies continued

1.6 Non-derivative financial instruments continued

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the income statement.

See the accounting policy 1.7 regarding derivative financial instruments and hedge accounting for further information.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred, or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount derecognised and the consideration received is recognised in the income statement.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

1.7 Derivative financial instruments and hedging

Derivative financial instruments (comprising foreign currency forward contracts and commodity hedges) are used to manage risks arising from changes in foreign currency exchange rates (primarily relating to the purchase of overseas sourced products) and fuel price fluctuations. The Group does not hold or issue derivative financial instruments for speculative trading purposes. The Group uses the derivatives to hedge highly probable forecast transactions and, therefore, the instruments are mostly designated as cash flow hedges.

Derivatives are recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. The effective element of any gain or loss from remeasuring the derivative instrument is recognised directly in the cash flow hedge reserve.

The associated cumulative gain or loss is reclassified from the cash flow hedge reserve in equity and recognised in the income statement in the same period or periods during which the hedged transaction affects the income statement. Any element of the remeasurement of the derivative instrument which does not meet the criteria for an effective hedge is recognised immediately in the income statement within financial income or financial expenses.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss which was reported in other comprehensive income is recognised immediately in the income statement.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months or as a current asset or liability if the remaining maturity of the hedged item is less than 12 months from the reporting date.

1.8 Property, plant and equipment

Property, plant and equipment are stated at purchase cost (together with incidental costs of acquisition) less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Leasehold property improvements	–	Over the term of the lease
Fixtures and equipment	–	3 to 25 years (dependent upon lease term)
Buildings	–	10 to 40 years
Land	–	No depreciation is charged

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

1. Significant accounting policies continued

1.9 Business combinations

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

1.10 Intangible assets and goodwill

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the identifiable net assets acquired. Goodwill is initially measured at cost, being the excess of the acquisition cost over the Group's interest in the assets and liabilities recognised. Goodwill is not amortised, but is tested for impairment annually or whenever there is an indication of impairment. For the purposes of impairment testing, goodwill acquired is allocated to the cash-generating unit (CGU) that is expected to benefit from the synergies of the combination. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Brand

Brand is stated at cost less any accumulated amortisation and accumulated impairment losses. Brand is amortised over 40 years on a straight-line basis from 1 October 2018.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Software

Capitalised software costs include both external direct costs of goods and services, and internal payroll-related costs for employees who are directly associated with the software project.

Development costs are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it is available for use.
- Management intends to complete the software for use in the business.
- It can be demonstrated how the software will generate probable economic benefits in the future.
- Adequate technical, financial and other resources are available to complete the project.

Capitalised software development costs are amortised on a straight-line basis over their expected economic lives.

Computer software under development is held at cost less any recognised impairment loss. Any impairment in value is recognised within the income statement.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date.

Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Trademarks	–	5 years
Software	–	3–7 years

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving inventory. Cost is calculated on a weighted average basis. The Group estimates a slow-moving inventory provision based on prior stock performance and current market conditions. The Group also provides for obsolete inventory. Inventory cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1. Significant accounting policies continued

1.12 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

The Group is not exposed to large amounts of credit risk due to the nature of its operations as a direct to customer retailer; however, the Group recognises an allowance for expected credit losses for all financial assets measured at amortised costs. These losses are calculated with reference to the difference between contractual cash flows and cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit (CGU)). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less.

1.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity for equity-settled schemes or liabilities for cash-settled schemes, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model where appropriate, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market performance vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting and/or market performance conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

1.15 Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability and current market assessment of the time value of money.

1.16 Revenue

Revenue comprises the consideration paid for products by external customers at the point of sale in stores, net of value added tax and promotional discounts. Revenue is recognised on the sale of goods when the product is sold to the customer.

It is the Group's policy to sell its products to customers with a right of return. The Group uses the expected value method to estimate the value of goods that will be returned, because this method best predicts the amounts of variable consideration to which the Group will be entitled. However, the level of returns is not considered material; therefore, no right of return asset or refund liability is recognised. On the basis of materiality revenue is therefore recognised at the full value of the consideration received. This is assessed on an ongoing basis.

1. Significant accounting policies continued

1.17 Cost of sales

Cost of sales consist of costs related to purchase price of consumer products sold to customers and inbound shipping charges to distribution centres. Shipping charges to receive products from suppliers are included in inventory and recognised as cost of sales upon sale of products to customers. In addition, warehouse reception and storage costs are not incorporated into inventory valuation on the balance sheet but directly expensed through the income statement as distribution costs. Supplier discounts and contributions to common marketing or advertising campaigns are measured based on contracts signed with suppliers and are considered as a reduction of the prices paid for the products and, therefore, recorded as a reduction of the inventory cost.

1.18 Distribution costs (included within operating expenses)

Distribution costs consist of costs incurred in operating and staffing distribution centres and stores and transporting inventory from distribution centres to stores. They consist of warehousing and store employee salaries and wages, store expenses, advertising costs and other selling expenses.

1.19 Administrative expenses (included within operating expenses)

Administrative expenses consist of support office employees' salaries and wages, impairment losses and reversals, gains and losses on the sale of non-current assets and disposal groups held for sale, restructuring costs and other general and administrative expenses.

1.20 Lease accounting

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability – initial recognition

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted at the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options where the Group is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The lease liability is presented as a separate line in the Consolidated statement of financial position, split between current and non-current liabilities.

Lease liability – subsequent measurement

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability – remeasurement

The lease liability is remeasured where:

- there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments' change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss.

Right-of-use asset – initial recognition

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the Group has an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use asset is presented as a separate line in the balance sheet.

1. Significant accounting policies continued

1.20 Lease accounting continued

Right-of-use asset – subsequent measurement

Right-of-use assets are amortised over the shorter of the lease term and useful life of the underlying asset.

Impairment

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment – non-financial assets" policy.

1.21 Taxation

Tax on the profit or loss for the year comprises current and deferred tax recognised and measured in accordance with IAS 12. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure for accounting periods beginning on or after 1 January 2023.

IAS 12.15 and 24 require that deferred tax liabilities and assets be recognised for all taxable and deductible temporary differences (subject to recoverability requirements for deferred tax assets) unless the deferred tax liability or asset arises from the initial recognition of an asset or liability in a transaction that: (i) is not a business combination; (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and (iii) at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

1.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

1.23 Government grants

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

1.24 Events after the balance sheet date

The consolidated financial statements are adjusted to reflect events that occurred provided they give evidence of conditions that existed at the balance sheet date.

Events that are indicative of conditions that arose after the balance sheet date are disclosed where significant, but do not result in an adjustment of the consolidated financial statements themselves.

1.25 Supplier income

Rebate income

Rebate income consists of income generated from volume-related rebate agreements and other supplier funding received on an ad hoc basis for in-store promotional activity. The income received is recognised as a credit against cost of sales.

Volume-related income is recognised based on the expected entitlement at the reporting date based on agreed and documented contractual terms. Where the contractual period is not yet complete, the Group will estimate expected purchase volumes taking into account current performance levels to assess the probability of achieving contractual target volumes.

Other supplier funding is recognised as invoiced to the suppliers, subject to satisfaction of any related performance conditions. To minimise the risk arising from estimate, supplier confirmations are obtained at the reporting date prior to amounts being invoiced.

Promotional funding

Promotional pricing income relates to income received from suppliers to invest in the customer offer. It is recognised as a credit against cost of sales. Timing of invoicing of amounts due is agreed on an individual basis with each supplier.

Uncollected supplier income at the reporting date is presented within the financial statements as follows:

- Where there is no practice of netting commercial income from amounts owed to the supplier, the Group will present amounts due within trade receivables.
- Where commercial income is earned but not invoiced to the supplier at the reporting date, the amount due is included within prepayments and accrued income.

1. Significant accounting policies continued

1.26 Financial income and expenses

Financial expenses comprise interest payable and the ineffective portion of change in the fair value of cash flow hedges that are recognised in the income statement. Financial income comprises interest receivable on funds invested and the ineffective portion of changes in the fair value of cash flow hedges.

Interest income and interest expense are recognised in the income statement as they accrue, using the effective interest method.

1.27 Reserves

Share capital

Called-up share capital represents the nominal value of shares that have been issued. Share premium represents the difference between the issue price and the nominal value of the shares issued.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax from the proceeds.

Cash flow reserve

The cash flow hedge reserve represents the effective portion of cash flow hedges where the contract has not yet expired. The reserve is stated net of the associated tax. The effective portion is recycled to the income statement upon expiry of the contract or when the hedged future cashflows affect profit or loss.

Translation reserve

The translation reserve represents the cumulative translation differences for foreign operations. This is a legal reserve.

Merger reserve

The merger reserve arose on consolidation as a result of the acquisition of the Pepco Group companies and Pepkor Import BV on 4 May 2016 and also the acquisition of Fully Sun China Limited and its subsidiaries on 18 January 2018 and the share for share exchange transaction that took place on 13 May 2021. It 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.

1.28 New standards and amendments

Standards adopted by the Group for the first time

A number of new and revised standards, including the following, are effective for annual periods beginning on or after 1 January 2023:

- IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information (effective 1 January 2023)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure Initiative: Accounting Policies (effective 1 January 2023)
- Amendments to IAS 12 Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective 1 January 2023)

Adoption of these standards has not had an impact on the Group's financial statements.

Standards and interpretations to existing standards which are not yet effective and are under review as to their impact on the Group.

The following standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2024 or later periods but which the Group has not early adopted:

- Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback (effective 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants, Classification of liabilities as current or non-current (effective 1 January 2024)
- Amendments to IAS 7 and IFRS 7 regarding supplier finance arrangements (effective 1 January 2024)
- Amendments to IAS 21 to clarify the accounting when there is a lack of exchangeability (effective 1 January 2025)
- IFRS 18 Presentation and Disclosures in Financial Statements (effective 1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027)

No other 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. In relation to the published standards and interpretations above, the Group is continuing to assess the impact on the financial statements for future periods and expects there to be no significant material impact other than IFRS 18 which the Group is currently performing an assessment.

1. Significant accounting policies continued

1.29 Accounting estimates and judgements

The preparation of these financial statements requires the exercise of judgement, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and various other factors, including expectations of the future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period impacted.

The Group makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates will seldom equal the related actual results. The Directors continually evaluate the estimates, assumptions and judgements based on available information and experience.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Impairment of intangible assets (goodwill and other intangible assets) and right-of-use assets

The Group assesses whether there are any indicators of impairment as at the reporting date for all intangible assets and right-of-use assets. Goodwill is tested for impairment annually and at other times when such indicators exist. Other intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, the Directors must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The key sources of estimation uncertainty are the future business performance over the forecast period (five years), projected long-term growth rates and the discount rates applied. When fair value less costs to sell calculations are used, level 2 and 3 fair value inputs are used. See note 11 for detailed disclosures.

Life of brand asset

The useful life is considered to be 40 years which represents management's best estimate of the period over which the brand will be utilised based on the trading history of the business, future financial projections and ongoing investment in the business, along with the retail segment occupied by Poundland and the active proposition development happening within the business. The brand is amortised on a straight-line basis. See note 11 for detailed disclosures.

Key judgements

The judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Lease discount rate

Where a rate implicit to the lease is not available, the selection of a discount rate for a lease is based upon the marginal cost of borrowing to the business in relation to the funding for a similar asset.

Management calculates appropriate discount rates based upon the marginal cost of borrowing currently available to the business as adjusted for several factors including the term of the lease, the location and type of asset and how often payments are made.

Management considers that these are the key details in determining the appropriate marginal cost of borrowing for each of these assets. See note 1.20 for detailed disclosures.

Leases

Management exercises judgement in determining the lease term on its lease contracts. Within its lease contracts, particularly those in respect of its retail business, break options are included to provide operational and financial security should store performance be different to expectations. At inception of a lease, management will typically assess the lease term as being the full lease term as such it is reasonably certain that break options will not be exercised.

As stated in the accounting policies, the discount rate used to calculate the lease liability is based on the incremental borrowing rate. Incremental borrowing rates are determined quarterly and depend on the lease term, currency and start date of the lease. The incremental borrowing rate is determined based on a series of inputs including the risk-free rate based on government bond rates, country specific risk and entity specific risk. See note 12 for detailed disclosures.

1.30 Non-underlying items

Management exercises judgement in determining the adjustments to apply to IFRS Accounting Standards measurements. Management believes these measures provide additional useful information to illustrate the underlying trends, performance and position of the Group. Non-underlying adjustments constitute material, exceptional, unusual and other items. In determining whether events or transactions are treated as non-underlying items, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Examples of charges or credits meeting the above definition and which have been presented as non-underlying items in the current and/or prior years include:

- IFRS 2 charges in respect of management Value Creation Plan;
- Cost relating to implementation of Software-as-a-Service IT solutions and expensing significant ERP programme costs incurred;
- Business restructuring programmes;
- Hungary fraud incident; and
- Impairment of Goodwill and Brand asset.

In the event that other items meet the criteria, which are applied consistently from year to year, they are also treated as non-underlying items. Further information about the determination of non-underlying and other items in financial year 2024 is included in note 4. The non-underlying items are not defined by IFRS Accounting Standards.

1. Significant accounting policies continued

1.31 Alternative performance measures (APMs)

Management exercises judgement in determining the adjustments to apply to IFRS Accounting Standards measurements in order to derive suitable APMs. As set out in note 27, APMs are used as management believes these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The APMs are not defined by IFRS Accounting Standards and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS Accounting Standards measurements.

2. Segmental analysis

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

The Group has identified three significant revenue-generating operating segments. One being business trading under the Pepco banner, one being business trading under the Poundland banner, and the final being business trading under the Dealz banner. In previous reporting periods, the Group referred to two significant revenue-generating operating segments therefore this represents a change and a restatement has been made to ensure results are provided on a comparative basis. A final "other" operating segment includes the Group's sourcing operations, Group functions and other activities that do not meet the threshold requirements for individual reporting.

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

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
External revenue		
Pepco	3,853,169	3,374,980
Poundland UK & ROI	2,006,333	2,000,633
Dealz Poland	307,247	220,051
Group external revenue	6,166,749	5,595,664
Underlying EBITDA		
Pepco	785,292	554,768
Poundland UK & ROI	153,319	195,325
Dealz Poland	24,166	6,535
Other	(18,750)	(3,089)
Group underlying EBITDA	944,027	753,539
Reported EBITDA		
Pepco	743,029	523,355
Poundland UK & ROI	147,169	174,231
Dealz Poland	22,348	2,453
Other	(20,766)	1,899
Group EBITDA	891,780	701,938
Less reconciling items to operating profit		
Depreciation of right-of-use asset	(364,757)	(302,940)
Impairment of right-of-use asset	(6,104)	–
Depreciation of property, plant and equipment	(182,382)	(147,390)
Impairment of property, plant and equipment	(9,767)	(3,130)
Impairment of goodwill	(724,824)	–
Amortisation of other intangibles	(10,646)	(9,572)
Impairment of other intangibles	(38,707)	–
Profit on disposal of property, plant and equipment	270	477
Other expenses	–	(233)
Group operating (loss) / profit from continuing operations	(445,137)	239,150

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

2. Segmental analysis continued

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Depreciation and amortisation		
Pepco	367,587	283,845
Poundland UK & ROI	156,295	152,480
Dealz Poland	32,352	22,102
Other	1,551	1,475
Group depreciation and amortisation	557,785	459,902
Impairment of property, plant and equipment, goodwill, intangible and right of use assets		
Pepco	4,362	3,130
Poundland UK & ROI	12,128	–
Dealz Poland	–	–
Other	762,912	–
Group Impairment of property, plant and equipment, goodwill, intangible and right of use assets	779,402	3,130
Total assets		
Pepco	2,802,349	2,591,652
Poundland UK & ROI	999,492	1,774,542
Dealz Poland	172,474	154,102
Other	23,425	55,060
Group total assets	3,997,740	4,575,356
Total liabilities		
Pepco	2,047,329	1,793,047
Poundland UK & ROI	679,969	786,055
Dealz Poland	94,321	97,108
Other	664,705	761,438
Group total liabilities	3,486,324	3,437,648
Additions to non-current assets		
Pepco	439,790	561,587
Poundland UK & ROI	143,942	196,524
Dealz Poland	29,273	70,577
Other	1,946	946
Group additions to non-current assets	614,951	829,634

3. Revenue and Geographical segments

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

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
UK and Republic of Ireland	2,006,333	2,000,633
Poland	1,617,790	1,413,973
Rest of Central and Eastern Europe	1,950,271	1,816,043
Rest of Western Europe	592,355	365,015
	6,166,749	5,595,664

3. Revenue and Geographical segments continued

The Group's disaggregated non-current assets recognised relates to the following geographical segments:

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
UK and Republic of Ireland	601,910	1,376,697
Poland	597,935	524,444
Rest of Central and Eastern Europe	582,408	574,497
Rest of Western Europe	480,826	463,651
	2,263,079	2,939,289

4. Non-underlying items

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

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

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Reported EBITDA from continuing operations	891,780	701,938
Group Value Creation Plan (VCP)	893	(1,905)
Impact of implementation of IFRIC interpretation on SaaS arrangements	29,661	42,351
Restructuring costs	5,450	11,155
Hungary Fraud Incident	16,243	–
Underlying EBITDA from continuing operations	944,027	753,539
Reported operating (loss) / profit from continuing operations	(445,137)	239,150
Group Value Creation Plan (VCP)	893	(1,905)
Impact of implementation of IFRIC interpretation on SaaS arrangements	29,159	43,493
Restructuring costs	3,689	14,285
Hungary Fraud Incident	16,243	–
Impairment of Goodwill and Brand	775,051	–
Underlying operating profit from continuing operations	379,898	295,023
Reported (loss) / profit before taxation from continuing operations for the year	(554,119)	158,845
Group Value Creation Plan (VCP)	893	(1,905)
Impact of implementation of IFRIC interpretation on SaaS arrangements	29,159	43,493
Restructuring costs	3,689	13,473
Hungary Fraud Incident	16,243	–
Impairment of Goodwill and Brand	775,051	–
Underlying profit before tax from continuing operations	270,916	213,906

IFRS 2 charge: A Value Creation Plan ("VCP") was approved by the Board of Directors in March 2020 as a reward tool to incentivise the top management of the Pepco Group and to retain them post an IPO. The Group treat the VCP associated costs as Non-Underlying Costs on the basis;

- the VCP was specific IPO related incentive which is not a typical share based payment scheme; and
- the scheme was implemented prior to the IPO and the total cost of the scheme (€45.3m) is already reflected in the share price achieved at IPO.

Management believe it is beneficial for the users of the financial statements to understand the underlying operational performance without it being skewed by the impact of the VCP charges. See note 21 for more details on the VCP.

4. Non-underlying items continued

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 FY23 and FY24, the Group has specifically expensed costs related to significant ERP programmes.

Restructuring costs: The Group undertook strategic decision in the year to restructure the Poundland business. The non-underlying costs relate to head office cost reduction and strategic change to rationalise costs across the business.

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

Impairment in Goodwill and Brand: During FY24 the Group have impaired goodwill and brand assets recognised on the acquisition of Poundland. The Group have also impaired Right of use assets and Property, Plant and Equipment relating to Poundland. These are all considered to be non-underlying as they are material, exceptional and unusual in nature.

5. Operating profit from continuing operations

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Operating (loss)/profit for the period has been arrived at after charging:		
Expense relating to short-term, low-value and variable leases	57,316	53,704
Depreciation of tangible fixed assets and other items:		
Owned	182,382	147,390
Depreciation of right-of-use assets	364,757	302,940
Impairment of property, plant and equipment	9,767	3,130
Amortisation of other intangibles	10,646	9,572
Impairment of Goodwill	724,824	–
Impairment of other intangible assets	38,707	–
Impairment of Right of Use Assets	6,104	–
Cost of inventories recognised as an expense	3,419,474	3,273,908
Write downs of inventories recognised as an expense	92,201	67,203

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Auditors' remuneration		
Fees payable to the Company's auditors and their associates for the audit of the Company's annual accounts[1]	538	540
Fees payable to the Company's auditors and their associates for the audit of the Company's subsidiaries[1]	1,182	960
Fees payable to other auditors and their associates for the audit of the Company's subsidiaries	782	867
Fees payable to other auditors and their associates in the current year in relation to prior year audit	128	244
Total audit fees	2,630	2,611
Audit related services	165	147
Other services	–	132
Total auditors' remuneration	2,795	2,890

1 Audit fees are payable to Forvis Mazars Accountants N.V. the auditors of the Company.

6. Financial income

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Bank interest income	22,960	2,897
Foreign exchange gains	8,843	7,348
	31,803	10,245

7. Financial expense

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Interest on bank loans and amortisation of capitalised finance costs	67,789	35,684
Interest on lease liabilities	77,311	60,188
Ineffective element of hedging	(263)	1,918
Unrealised foreign currency losses on borrowings	(4,052)	(7,240)
	140,785	90,550

8. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during each year was as follows:

	Year to 30 September 2024	Year to 30 September 2023
Administration	17,780	2,458
Selling and distribution	31,287	43,871
	49,067	46,329

The Group does not have any staff employed in the Netherlands.

The aggregate payroll costs of these persons were as follows:

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Wages and salaries	822,196	701,527
Social security costs	109,602	91,997
Other pension costs (note 23)	34,761	23,607
Share-based payments expense (note 21)	6,912	1,093
	973,471	818,224

Key management remuneration

The amounts for remuneration include the following in respect of the key management personnel:

	Basic remuneration €000	Short-term annual bonus paid €000	Other short-term Company contributions €000	Post-employment pension contribution €000	LTIP[1] €000	Total €000
2024	3,068	1,942	116	125	6,184	11,435
2023	3,367	689	85	227	5,499	9,867

1 Long Term Incentive Plan; this includes IFRS 2 charges. See note 21 for more details and see Remuneration report (on pages 79 to 83 for Directors' remuneration in detail.

9. Taxation

Analysis of tax (charge)/credit for the year

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Current tax (charge)/credit		
Current tax on (loss)/profits for the year	(110,944)	(37,451)
Adjustments in respect of prior periods	(3,127)	2,502
Total current tax	(114,071)	(34,949)
Deferred tax (charge)/credit		
Origination and reversal of temporary differences	37,313	(13,590)
De-recognition of previously recognised temporary differences	(28,106)	–
Adjustments in respect of prior periods	(2,656)	(1,942)
Total deferred tax	6,551	(15,532)
Total tax charge for the year	(107,520)	(50,481)

Factors affecting the tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK of 25% (2023: 22.0%). The differences are explained below.

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
(Loss)/profit before tax – continuing operations	(554,119)	158,845
Expected tax credit/(charge) at the UK statutory rate of 25% (2023: 22.0%)	138,530	(34,946)
Effects of:		
Movement in unrecognised temporary differences*	(60,920)	(10,363)
Expenses not deductible for tax purposes	(7,546)	(10,966)
Fixed asset differences**	(183,866)	(2,270)
Overseas tax rate differences	12,065	6,489
Adjustments in respect of prior periods***	(5,783)	560
Difference in tax rates	-	1,015
Total tax charge for the year	(107,520)	(50,481)

* Included within movement in unrecognised temporary differences is €28.1 million relating to the partial de-recognition of deferred tax assets in the UK, Spain and Poland associated with a re-assessment of recognition in the year and probability of future recovery. Other movements relate to temporary differences arising in the current year.

** Included within fixed asset differences is €181.2 million relating to the impairment of goodwill recorded in the current year.

*** Included within adjustments in respect of prior periods is a deferred tax charge of €7.2m and a current tax credit of €3.5m relating to transfer pricing. This has been calculated in accordance with IFRIC 23 using the expected value method. The impact results in a reduction in the future deductible temporary differences (deferred tax assets) of the Group, which is partially offset by a current tax credit which should be realisable in the future.

Tax (charge)/credit recognised in other comprehensive income

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Deferred tax (charge)/credit		
Fair value movements on derivative financial instruments	(8,238)	34,924
Total tax charge recognised in other comprehensive income	(8,238)	34,924

The Company is UK tax resident based on the Company being managed and controlled in the UK and as such is subject to UK corporation tax with the expected tax charge reconciled to the UK statutory rate. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions.

9. Taxation continued

Factors that may affect future current and total tax

As a multinational enterprise the Group falls within the scope of the global minimum tax rules (Pillar 2) which are now effective in many jurisdictions in which the Group operates. Relevant legislation was substantively enacted in the UK on 20 June 2023, effective for accounting periods commencing on or after 31 December 2023. In this respect the rules will be effective for the Group's next financial year commencing on 1 October 2024.

The Group has operations in Bosnia and Herzegovina, Bulgaria, Hungary, Isle of Man, Republic of Ireland, and Switzerland, all of which currently have a headline tax rate below 15%. Legislation to apply the Pillar 2 rules (including a Qualifying Domestic Top-Up Tax, QDMTT) has been adopted in Bulgaria, Hungary, and Republic of Ireland, which will be relevant for the Group's next financial year commencing on 1 October 2024. Bosnia and Herzegovina was a signatory to the October 2021 OECD Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy but is yet to publish legislation to implement the rules. The Isle of Man announced its intention to introduce new legislation, including a QDMTT on 15 October 2024 with effect from 1 January 2025. Switzerland has introduced parts of the Pillar 2 rules, with a QDMTT effective for the Group's next financial year commencing on 1 October 2024.

The Group has performed a preliminary assessment of the impact of the rules. Based on this assessment the rules are not expected to have a significant impact on the Group's financial statements, either as a result of available safe harbours or substance-based exclusions.

There is no current tax impact of the rules on the Group's financial statements for the financial year ended 30 September 2024. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the global minimum tax and accounts for it as a current tax when it is incurred.

10. Property, plant and equipment

	Land and buildings €000	Leasehold property improvements €000	Fixtures and equipment €000	Total €000
Cost				
Balance at 1 October 2022	60,969	342,615	517,843	921,427
Additions	176	178,908	184,739	363,823
Disposals	–	(6,029)	(31,032)	(37,061)
Differences on translation	1	11,107	8,686	19,794
Balance at 30 September 2023	**61,146**	**526,601**	**680,236**	**1,267,983**
Balance at 1 October 2023	61,146	526,601	680,236	1,267,983
Additions	6,988	91,738	105,833	204,559
Disposals	(77)	(22,590)	(33,012)	(55,679)
Reclassification	29,706	(29,706)	–	–
Differences on translation	(11,572)	29,221	19,509	37,158
Balance at 30 September 2024	**86,191**	**595,264**	**772,566**	**1,454,021**
Depreciation and impairment				
Balance at 1 October 2022	1,429	121,022	274,426	396,877
Charge for the period	572	59,505	91,730	151,807
Disposals	–	(6,073)	(29,544)	(35,617)
Impairment	–	–	(3,130)	(3,130)
Differences on translation	4	1,035	10,570	11,609
Balance at 30 September 2023	2,005	175,489	344,052	521,546
Balance at 1 October 2023	2,005	175,489	344,052	521,546
Charge for the period	2,904	79,876	99,602	182,382
Disposals	(125)	(10,973)	(23,979)	(35,077)
Reclassification	9,847	(9,847)	–	–
Impairment	–	9,767	–	9,767
Differences on translation	(2,195)	31,449	3,316	32,570
Balance at 30 September 2024	**12,436**	**275,761**	**422,991**	**711,188**
Net book value				
Balance at 30 September 2024	**73,755**	**319,503**	**349,575**	**742,833**
Balance at 30 September 2023	59,141	351,112	336,184	746,437

An impairment was recognised in the year of €9.8m (2023: €3.1m) as a result of the closure and rebranding of certain stores.

A reclassification has been included in the FY24 categories for 'Land and Buildings', and 'Leasehold Property Improvements' as it was identified that certain building assets were not included in the correct category.

11. Goodwill and other intangible assets

	Goodwill[1] €000	Brand[1] €000	Software and trademarks €000	Total €000
Cost				
Balance at 1 October 2022	803,169	124,423	48,009	975,601
Additions	–	–	25,815	25,815
Disposals	–	–	(6,853)	(6,853)
Differences on translation	17,112	2,646	1,942	21,700
Balance at 30 September 2023	820,281	127,069	68,913	1,016,263
Balance at 1 October 2023	820,281	127,069	68,913	1,016,263
Additions	–	–	7,189	7,189
Disposals	–	–	(1,033)	(1,033)
Differences on translation	21,164	4,433	3,616	29,213
Balance at 30 September 2024	**841,445**	**131,502**	**78,685**	**1,051,632**
Amortisation and impairment				
Balance at 1 October 2022	114,188	12,444	34,731	161,363
Amortisation for the period	–	3,284	6,288	9,572
Impairments	–	–	(5,742)	(5,742)
Differences on translation	2,433	288	872	3,593
Balance at 30 September 2023	116,621	16,016	36,149	168,786
Balance at 1 October 2023	116,621	16,016	36,149	168,786
Amortisation for the period	–	3,246	7,400	10,646
Disposals	–	–	(380)	(380)
Impairments	724,824	38,088	619	763,531
Differences on translation	–	854	879	1,733
Balance at 30 September 2024	**841,445**	**58,204**	**44,667**	**944,316**
Net book value				
Balance at 30 September 2024	**–**	**73,298**	**34,018**	**107,316**
Balance at 30 September 2023	703,660	111,053	32,764	847,477

1 Brand and goodwill relate to the acquisition of the Poundland Group, Fultons Group and Poundshop.com.

Impairment

Under IAS 36 "Impairment of Assets", the Group is required to:

- review its intangible assets in the event of a significant change in circumstances that would indicate potential impairment; and
- review and test its goodwill and indefinite-life intangible assets annually or in the event of a significant change in circumstances.

As part of the annual impairment review, the carrying value of the assets or, if they do not generate independent cash flows individually, the carrying value of the cash-generating unit (CGU) that they belong to is compared to their recoverable amount.

CGUs represent the smallest identifiable group of assets that generate cash flows that are largely independent of cash flows from other groups of assets. In accordance with internal management structures, the group of CGUs against which goodwill is monitored comprises the Poundland Group, which is aligned with the level at which the Directors monitor that goodwill.

The recoverable amount represents the higher of the CGU's fair value less the cost of disposal and value in use. The recoverable amount has been determined based on the CGU's fair value less the cost of disposal as using this methodology provides a higher value as required by IFRS accounting standards. Where the recoverable amount is less than the carrying value, an impairment results. Goodwill acquired in a business combination is allocated to groups of CGUs according to the level at which the Directors monitor that goodwill.

During the year, all goodwill was tested for impairment and the full goodwill balance has been impaired (2023: €Nil).

The key assumptions on which the fair value less the cost of disposal calculations is based on various fair value methodologies such as EBITDA multiples and recent transactions. These are to be level 3 fair value inputs. The range of EBITDA multiples considered appropriate for the fair value calculation were between 8.5x and 9.5x EBITDA (pre-IFRS16).

The impairment in the year has largely been driven by the material underperformance in Poundland, along with slower growth prospects and a higher cost outlook in the UK following the recent government budget. This has led to the VIU model producing a lower value than the fair value less cost of disposal model.

As a result of the impairment calculation for goodwill, the impairment required exceeded the carrying value of goodwill. The surplus impairment has been allocated to the brand asset given it is part of the CGU and due to the fact that other impairments have been recognised in the year in relation to this CGU within 'Plant, Property and Equipment' and 'Right of use assets'.

12. Leases

Right-of-use assets

	Buildings €000	Equipment €000	Vehicles €000	Total €000
Cost				
Balance at 1 October 2022	1,652,389	27,729	23,118	1,703,236
Additions	417,880	17,424	4,692	439,996
Disposals	(95)	–	–	(95)
Differences on translation	83,688	443	689	84,820
Balance at 30 September 2023	2,153,862	45,596	28,499	2,227,957
Balance at 1 October 2023	2,153,862	45,596	28,499	2,227,957
Additions	393,204	6,040	3,959	403,203
Disposals	(52,300)	–	(150)	(52,450)
Differences on translation	114,282	1,728	1,163	117,173
Balance at 30 September 2024	**2,609,048**	**53,364**	**33,471**	**2,695,883**
Depreciation				
Balance at 1 October 2022	651,065	21,072	12,858	684,995
Depreciation for the period	302,194	4,267	2,539	309,000
Disposals	(104)	–	–	(104)
Differences on translation	7,370	771	242	8,383
Balance at 30 September 2023	960,525	26,110	15,639	1,002,274
Balance at 1 October 2023	960,525	26,110	15,639	1,002,274
Depreciation for the period	356,955	4,666	3,136	364,757
Disposals	(11,625)	–	(17)	(11,642)
Impairment	6,104	–	–	6,104
Differences on translation	27,085	1,658	969	29,712
Balance at 30 September 2024	**1,339,044**	**32,434**	**19,727**	**1,391,205**
Net book value				
Balance at 30 September 2024	**1,270,004**	**20,930**	**13,744**	**1,304,678**
Balance at 30 September 2023	1,193,337	19,486	12,860	1,225,683

An impairment was recognised in the year of €6.1m (2023: nil) as a result of the expected store closures and impairment reviews on loss makings stores.

Lease liabilities

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
At beginning of period	**1,293,171**	1,133,544
Additions	**470,038**	469,203
Interest on lease liability	**77,311**	61,367
Repayment of lease liability	**(441,585)**	(386,961)
Disposal	**(35,521)**	–
Differences on translation	**17,575**	16,018
At end of period	**1,380,989**	1,293,171
Current	**346,594**	304,794
Non-current	**1,034,395**	988,377
	1,380,989	1,293,171

Financial statements

12. Leases continued

Amounts recognised in the income statement

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Interest expenses (included in finance cost)	77,311	61,367
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	1,840	603
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	221	2,153
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	55,256	50,948

Amounts recognised in the statement of cash flows

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Total cash outflow for leases	441,585	386,961

The Group leases various retail stores, offices and vehicles under non-cancellable operating leases. The leases have varying terms, escalating clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms' percentages range from 1.5% to 7.5% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed cost base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

13. Inventories

	30 September 2024 €000	30 September 2023 (Restated) €000
Goods purchased for resale	756,311	724,822
Goods in transit	479,146	394,725
	1,235,457	1,119,547

Inventories have been reduced by €64,834k (2023: €70,543k) as a result of the write-down to net realisable value.

14. Trade and other receivables

	30 September 2024 €000	30 September 2023 (Restated) €000
Non-current trade and other receivables		
Other receivables	52	46
	52	46
Current trade and other receivables		
Trade receivables	4,991	2,624
Other receivables	27,184	30,064
Prepayments	70,699	110,444
	102,874	143,132

As the principal business of the Group is retail sales made in cash or with major credit cards, the Group's trade receivables are small and therefore credit risk primarily consists of accrued income and cash and cash equivalents. Accordingly, the Group does not systematically report outstanding receivables analysed by credit quality, in particular with respect to the credit quality of financial assets that are neither past due nor impaired.

There is no significant concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are widely dispersed. As such, any further detailed analysis of the credit risk of the Group's financial assets by category is not considered meaningful.

The carrying amount of trade and other receivables recorded in the financial statements represents the Group's maximum exposure to credit risk and any associated impairments are immaterial.

15. Trade and other payables

	30 September 2024 €000	30 September 2023 (Restated) €000
Current		
Trade payables[1]	886,966	770,333
Other taxation and social security	71,724	64,923
Other payables	81,326	141,031
Accruals	340,503	294,015
	1,380,519	1,270,302
Non-current		
Accruals and deferred income	3,396	21,763
	3,396	21,763

1 Trade payables includes €383m (FY23: €212m) payable to suppliers utilising the Supply Chain Financing Programme implemented by the Group.

16. Borrowings

	30 September 2024 €000	30 September 2023 €000
Current		
Borrowings from credit institutions	–	118,794
Non-current		
Borrowings from credit institutions	248,230	248,259
Secured bond issuance	364,750	362,011

Included within non-current liabilities are loans from credit institutions of €250m (2023: €250m) and a secured bond of €375m (2023: €375m). Costs incurred in obtaining the loans from credit institutions and the secured bond have been capitalised and are allocated to the Consolidated income statement over the life of the debt facility. At 30 September 2024 borrowings are stated net of unamortised issue costs of €12.0m (2023: €14.7m).

Interest is being charged on borrowings from credit institutions at an effective rate of 6.85%. These loans contains financial covenants which are typical for this type of facility and include minimum leverage and interest cover. The Group remained compliant with these covenants for the year ended 30 September 2024. The loans from credit institutions are secured over the shares of material overseas subsidiaries and debentures over other assets of the Group. There has been no significant impact to the Group as a result of interest rate benchmark reform.

The secured bond issuance matures in June 2028 and has a fixed interest rate of 7.25%.

17. Financial instruments and related disclosures

Financial risk management

The Directors have overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Directors, who also monitor the status of agreed actions to mitigate key risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligation. This risk arises from the Group's foreign exchange and commodity hedging agreements.

As the principal business of the Group is cash sales the Group's trade receivables are small. The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk and any associated impairments are minimal.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there is sufficient cash or working capital facilities to meet the cash requirements of the Group for the current business plan.

The risk is measured by review of forecast liquidity each month to determine whether there are sufficient credit facilities to meet forecast requirements and by monitoring covenants on a regular basis. Cash flow forecasts are submitted monthly to the Directors. These continue to demonstrate the cash-generating ability of the business and its ability to operate within existing agreed facilities.

Market risk

Market risk is the risk that changes in the market prices will affect the Group's income. The Group's exposure to market risk predominantly relates to interest and currency risk.

17. Financial instruments and related disclosures continued

Interest rate risk

The Group's external borrowings includes loans which incur variable interest rate charges linked to Euribor which are added to the loan. Interest rate risk is measured by sensitivity analysis. The Group's policy aims to manage the interest cost of the Group within the business plan. The Group does not utilise interest rate swaps to hedge interest rate risks.

The table below shows the interest rate risk profile for the Group's financial instruments:

	2024 €000	2023 €000
Cash and cash equivalents	363,336	330,417
Borrowings	(612,980)	(729,064)
Finance lease liabilities	(1,380,989)	(1,293,171)
Total	(1,630,633)	(1,691,818)

Interest rate sensitivity analysis

The table below shows the Group's sensitivity to interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) if interest rates were to change by +/-1%. The following assumptions were made in calculating the sensitivity analysis:

- it is assumed interest is receivable on the entirety of the Group's cash balances; and
- the impact is reflected on net assets (gross of tax).

	2024 (decrease)/ Increase in income €000	2023 (decrease)/ Increase in income €000	2024 (decrease)/ increase in equity €000	2023 (decrease)/ increase in equity €000
+1% movement in interest rates	(3,633)	(3,304)	(2,482)	(3,671)
-1% movement in interest rates	3,633	3,304	2,482	3,671

Foreign currency risk

The Group has a significant transaction exposure to directly sourced purchases from its suppliers in the Far East, with most of the trade being in US Dollars and Chinese Yuan. The Group's policy allows these exposures to be hedged for up to 18 months forward in order to fix the cost in Polish Zloty and Pound Sterling. Hedging is performed through the use of foreign currency bank accounts and forward foreign exchange contracts. See below for further details on FX hedge accounting.

The Group does not hedge either economic exposure or the translation exposure arising from the profits, assets and liabilities of its businesses.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	30 September 2024				30 September 2023			
	GBP €000	EUR €000	PLN €000	Others €000	GBP €000	EUR €000	PLN €000	Others €000
Cash and Cash equivalents	163,353	(26,308)	11,718	214,573	21,251	127,634	18,580	162,952
Trade and other receivables	63,769	25,318	4,178	9,661	101,658	25,777	23,415	(7,282)
Borrowings	–	(612,980)	–	–	–	(729,064)	–	–
Trade and other payables	(294,856)	(117,041)	(863,693)	(108,325)	(274,613)	(98,088)	(707,177)	(208,211)
Provisions	(6,473)	(3,944)	(22,095)	(1,759)	(12,501)	(4,314)	(12,284)	(1,474)
Finance Lease liabilities	(282,436)	(900,641)	(152,698)	(45,214)	(286,749)	(225,796)	(738,329)	(42,297)
	(356,643)	(1,635,596)	(1,022,590)	68,936	(450,954)	(903,851)	(1,415,795)	(96,312)

Significant exchange rates used

	Year to 30 September 2024	Year to 30 September 2023
Average rate for the year		
Polish Zloty	4.33	4.62
Pound Sterling	0.86	0.87
Statement of financial position rates		
Polish Zloty	4.28	4.63
Pound Sterling	0.84	0.86

17. Financial instruments and related disclosures continued

Pension liability risk

The Group has no association with any defined benefit pension scheme and therefore carries no deferred, current or future liabilities in respect of such a scheme. The Group operates a number of Group personal pension plans for its employees.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to optimise returns to its shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth. The Board regularly monitors the level of capital in the Group to ensure that this can be achieved. Refer to note 16 for loan covenant requirements.

The Group monitors capital using net debt. This is because the Group 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. Please refer to note 27 where the calculation of net debt is disclosed.

Fair value disclosures

The fair value of each class of financial assets and liabilities approximates the carrying amount, based on the following assumptions:

Trade receivables, trade payables, short-term deposits and borrowings	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long-term borrowings	The fair value of bank loans and other loans approximates to the carrying value reported in the statement of financial position.

Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments carried at fair value have been measured using a Level 2 valuation method.

The fair value of financial assets and liabilities are as follows:

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Financial assets measured at fair value		
Derivative contracts used for hedging (assets)	34,507	48,338
Financial assets not measured at fair value		
Cash and cash equivalents	363,336	330,417
Trade and other receivables	32,227	32,734
Total financial assets	430,070	411,879
Financial liabilities measured at fair value		
Derivative contracts used for hedging (liabilities)	52,486	92,775
Financial liabilities not measured at fair value		
Trade and other payables	1,383,915	1,292,065
Borrowings at amortised cost	612,980	729,064
Finance lease liabilities	1,380,989	1,293,171
Total financial liabilities	3,430,370	3,407,075

Financial instrument sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on its earnings. At the end of each reporting period, the effects of hypothetical changes in interest and currency rates are as follows:

17. Financial instruments and related disclosures continued

Foreign exchange rate sensitivity analysis

The table below shows the Group's sensitivity to foreign exchange rates for its Polish Zloty and Pound Sterling financial instruments, the major currencies in which the Group's assets and liabilities are denominated:

	2024 increase/ (decrease) in equity €000	2023 increase/ (decrease) in equity €000
10% appreciation of the Euro against the Polish Zloty	**113,621**	157,311
10% depreciation of the Euro against the Polish Zloty	**(113,621)**	(157,311)
10% appreciation of the Euro against Pound Sterling	**39,627**	50,106
10% depreciation of the Euro against Pound Sterling	**(39,627)**	(50,106)

A strengthening/weakening of the Euro, as indicated, against the Polish Zloty at each year end would have increased/(decreased) the equity by the amounts shown above. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

A strengthening/weakening of the Euro, as indicated, against Pound Sterling at each year end would have increased/(decreased) the equity by the amounts shown above. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Contractual cash flows

The contractual maturity of bank borrowings including interest payments and trade payables, excluding the impact of netting agreements, is shown below:

	30 September 2024			
	Due in less than one year €000	Expiring between one to five years €000	Expiring after five years €000	Total €000
Borrowings	**32,261**	**702,580**	**–**	**734,841**
Trade and other payables	**1,380,518**	**3,397**	**–**	**1,383,915**
Lease liabilities	**389,038**	**853,018**	**258,937**	**1,500,994**
	1,801,817	**1,558,995**	**258,937**	**3,619,750**

	30 September 2023			
	Due in less than one year €000	Expiring between one to five years €000	Expiring after five years €000	Total €000
Borrowings	155,804	732,893	–	888,697
Trade and other payables	1,266,195	21,894	–	1,288,089
Lease liabilities	377,379	823,170	347,267	1,547,816
	1,799,378	1,577,957	347,267	3,724,602

17. Financial instruments and related disclosures continued

Derivatives and hedge accounting

The Group uses foreign currency forward contracts and commodity hedges to manage risks arising from changes in foreign currency exchange rates (relating to the purchase of overseas sourced products) and fuel price fluctuations. These have been designated as cash flow hedges with the respective underlying risks identified in accordance with the hedging strategy discussed as part of the financial risk management.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Hedge ineffectiveness may occur due to:

a) the fair value of the hedging instrument on the hedge relationship designation date if the fair value is not €Nil;

b) changes in the contractual terms or timing of the payments on the hedged item; and

c) a change in the credit risk of the Group or the counterparty with the hedging instrument.

The following table represents the net carrying values and nominal amounts of derivatives in a continued hedge relationship as at 30 September:

	30 September 2024 €000	30 September 2023 €000
Derivative financial assets at beginning of period	(44,437)	125,240
Recognised in the income statement – cost of sales	(85,240)	(128,442)
Recognised in the income statement – other finance income/(expense)	2,688	(1,427)
Recognised in other comprehensive income	121,518	(38,060)
Cash flow hedge adjustment to inventory	(14,350)	–
Translation differences	1,842	(1,748)
Derivative financial (liabilities)/assets at end of period	(17,979)	(44,437)

The below table illustrates the notional value of the hedged exposure.

	30 September 2024				
	EUR €000	USD €000	CNY €000	Other €000	Total €000
Maturing in less than one year	(1,190,314)	683,074	865,745	(324,011)	34,494
Maturing in greater than one year	(115,000)	114,862	114,506	(10,000)	104,368
Total	(1,305,314)	797,936	980,251	(334,011)	138,862

	30 September 2023				
	EUR €000	USD €000	CNY €000	Other €000	Total €000
Maturing in less than one year	(677,764)	683,834	601,071	(367,786)	239,355
Maturing in greater than one year	(47,000)	92,505	65,027	(43,370)	67,162
Total	(724,764)	776,339	666,098	(411,156)	306,517

The following tables provide an analysis of the anticipated contractual cash flows for the Group's derivative contracts:

	30 September 2024		30 September 2023	
EUR	Payable €000	Receivable €000	Payable €000	Receivable €000
Due in less than one year	(824)	21,957	(10,850)	14,371
Expiring between one and two years	(68)	506	(1,014)	(1,637)
Contractual cash flows	(892)	22,463	(11,864)	12,734
Fair value	(892)	22,463	(11,864)	12,734

	30 September 2024		30 September 2023	
USD	Payable €000	Receivable €000	Payable €000	Receivable €000
Due in less than one year	(25,172)	129	(20,911)	10,165
Expiring between one and two years	(952)	81	–	3,258
Contractual cash flows	(26,124)	210	(20,911)	13,423
Fair value	(26,124)	210	(20,911)	13,423

17. Financial instruments and related disclosures continued

Derivatives and hedge accounting continued

CNY	30 September 2024 Payable €000	30 September 2024 Receivable €000	30 September 2023 Payable €000	30 September 2023 Receivable €000
Due in less than one year	(24,931)	2,697	(55,652)	7,707
Expiring between one and two years	(207)	962	–	2,982
Contractual cash flows	(25,138)	3,659	(55,652)	10,689
Fair value	(25,138)	3,659	(55,652)	10,689

Other	30 September 2024 Payable €000	30 September 2024 Receivable €000	30 September 2023 Payable €000	30 September 2023 Receivable €000
Due in less than one year	(333)	7,958	(3,632)	9,863
Expiring between one and two years	–	218	(716)	1,629
Contractual cash flows	(333)	8,176	(4,348)	11,492
Fair value	(333)	8,176	(4,348)	11,492

Total	30 September 2024 Payable €000	30 September 2024 Receivable €000	30 September 2023 Payable €000	30 September 2023 Receivable €000
Due in less than one year	(51,260)	32,741	(91,045)	42,106
Expiring between one and two years	(1,227)	1,766	(1,730)	6,232
Contractual cash flows	(52,487)	34,507	(92,775)	48,338
Fair value	(52,487)	34,507	(92,775)	48,338

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities €000	Borrowings from credit institutions €000	Total liabilities from financing activities €000
At 30 September 2023	(1,293,171)	(729,064)	(2,022,235)
Financing cash flows[1]	364,274	120,000	484,274
Interest cash flows[1]	77,311	56,184	133,495
Other changes[2]	(547,206)	(60,100)	(607,306)
Foreign exchange	17,803	–	17,803
At 30 September 2024	(1,380,989)	(612,980)	(1,993,969)

	Lease liabilities €000	Borrowings from credit institutions €000	Total liabilities from financing activities €000
At 30 September 2022	(1,133,544)	(614,542)	(1,748,086)
Financing cash flows[1]	325,594	(116,215)	209,379
Interest cash flows[1]	61,367	18,809	80,176
Other changes[2]	(530,570)	(17,116)	(547,686)
Foreign exchange	(16,018)	–	(16,018)
At 30 September 2023	(1,293,171)	(729,064)	(2,022,235)

1 The financing cash flows from borrowings from credit institutions make up the net amount of proceeds from borrowings and repayments of borrowings and are presented in the cash flow statement on a gross basis. Interest cash flows for these liabilities are presented separately.
2 Other changes include interest accruals and additions.

17. Financial instruments and related disclosures continued

Financial assets and liabilities by category as at 30 September 2024

	Amortised cost	Fair value through OCI	Fair value through income statement
Non-current financial assets			
Derivative financial instruments[1]	–	1,766	–
Trade and other receivables	52	–	–
	52	1,766	–
Current financial assets			
Trade and other receivables	32,175	–	–
Derivative financial instruments[1]	–	32,741	–
Cash and cash equivalents	363,336	–	–
	395,511	32,741	–
Non-current financial liabilities			
Borrowings	612,980	–	–
Lease liabilities	1,034,395	–	–
Derivative financial instruments[1]	–	1,227	–
Trade and other payables	3,396	–	–
	1,650,771	1,227	–
Current financial liabilities			
Borrowings	–	–	–
Lease liabilities	346,594	–	–
Derivative financial instruments[1]	–	51,259	–
Trade and other payables	1,380,519	–	–
	1,727,113	51,259	–

1 Derivative financial instruments relate to cash flow hedge.

Financial assets and liabilities by category as at 30 September 2023

	Amortised cost	Fair value through OCI	Fair value through income statement
Non-current financial assets			
Derivative financial instruments[1]	–	6,232	–
Trade and other receivables	46	–	–
	46	6,232	–
Current financial assets			
Trade and other receivables	32,688	–	–
Derivative financial instruments[1]	–	42,106	–
Cash and cash equivalents	330,417	–	–
	363,105	42,106	–
Non-current financial liabilities			
Borrowings	610,270	–	–
Lease liabilities	988,377	–	–
Derivative financial instruments[1]	–	1,730	–
Trade and other payables	21,763	–	–
	1,620,410	1,730	–
Current financial liabilities			
Borrowings	118,794	–	–
Lease liabilities	304,794	–	–
Derivative financial instruments[1]	–	91,045	–
Trade and other payables	1,270,302	–	–
	1,693,890	91,045	–

1 Derivative financial instruments relate to cash flow hedge.

18. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and (liabilities) are attributable to the following:

	30 September 2024 €000	30 September 2023 (Restated) €000
Net deferred tax assets at beginning of period	**113,414**	91,296
Recognised in the income statement (note 9)	**6,551**	(15,532)
Recognised in other comprehensive income (note 9)	**(8,238)**	34,924
Discontinued operations	**(9,692)**	5,748
Exchange differences	**4,399**	(3,022)
Net deferred tax assets at end of period	**106,434**	113,414

	Deferred tax assets		Deferred tax liabilities		Net	
	30 September 2024 €000	30 September 2023 (Restated) €000	30 September 2024 €000	30 September 2023 (Restated) €000	30 September 2024 €000	30 September 2023 (Restated) €000
Property, plant and equipment	**34,002**	37,443	**(1,306)**	(1,763)	**32,696**	35,680
Intangible assets	**–**	–	**(18,324)**	(28,167)	**(18,324)**	(28,167)
Right of use assets & lease liabilities (IFRS16)	**197,595**	201,556	**(190,649)**	(194,857)	**6,946**	6,699
Provisions	**44,709**	21,418	**–**	–	**44,709**	21,418
Financial assets and liabilities	**4,533**	14,105	**–**	(1,054)	**4,533**	13,051
Tax losses and other temporary differences	**35,874**	64,733	**–**	–	**35,874**	64,733
	316,713	339,255	**(210,279)**	(225,841)	**106,434**	113,414

A deferred tax asset is recognised by the Group where future recoverability is considered probable. Deferred tax assets and liabilities are not discounted. The restatement of prior year figures in the current year is to reflect certain amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction) with respect to IFRS 16.

	1 October 2023 (Restated) €000	Recognised in income statement €000	Recognised in other comprehensive income €000	Discontinued Operations €000	Exchange differences €000	30 September 2024 €000
Property, plant and equipment	35,680	(6,439)	–	–	3,455	**32,696**
Intangible assets	(28,167)	10,533	–	–	(690)	**(18,324)**
Right of use assets & lease liabilities (IFRS16)	6,699	296	–	(212)	163	**6,946**
Provisions	21,418	18,284	–	–	5,007	**44,709**
Financial assets and liabilities	13,051	546	(8,238)	–	(826)	**4,533**
Tax losses and other temporary differences	64,733	(16,669)	–	(9,480)	(2,710)	**35,874**
	113,414	6,551	(8,238)	(9,692)	4,399	**106,434**

	1 October 2022 (Restated) €000	Recognised in income statement (Restated) €000	Recognised in other comprehensive income €000	Discontinued Operations €000	Exchange differences (Restated) €000	30 September 2023 (Restated) €000
Property, plant and equipment	33,794	8,645	–	–	(6,759)	35,680
Intangible assets	(27,985)	411	–	–	(593)	(28,167)
Right of use assets & lease liabilities (IFRS16)	6,158	(681)	–	–	1,222	6,699
Provisions	41,417	(20,807)	–	–	808	21,418
Financial assets and liabilities	(20,180)	(1,397)	34,924	–	(296)	13,051
Tax losses and other temporary differences	58,092	(1,703)	–	5,748	2,596	64,733
	91,296	(15,532)	34,924	5,748	(3,022)	113,414

Deferred tax not recognised

Deferred tax assets have not been recognised in respect of net temporary differences of €177.7m (2023: €112.7m). Gross temporary differences equate to €734.7m (2023: €465.5m). These temporary differences primarily relate to tax losses and disallowed interest amounts under the Corporate Interest Restriction rules in the UK, recoverability of which is uncertain. In the UK, Germany, Spain, and France, these temporary differences have no expiry date and may be carried forward indefinitely. In Poland and Greece the temporary differences as relating to tax losses may only be carried forward for five consecutive tax years.

19. Provisions

	Property provisions		Other provisions		Total	
	30 September 2024 €000	30 September 2023 €000	**30 September 2024 €000**	30 September 2023 €000	**30 September 2024 €000**	30 September 2023 €000
At beginning of period	**12,800**	12,502	**17,773**	35,263	**30,573**	47,765
Provisions made during the period	**476**	56	**27,120**	523	**27,596**	579
Provisions utilised during the period	**–**	–	**(4,263)**	(6,039)	**(4,263)**	(6,039)
Provisions reversed during the period	**(6,259)**	(3,576)	**(15,348)**	(14,930)	**(21,607)**	(18,506)
Translation differences	**337**	3,818	**1,635**	2,956	**1,972**	6,774
	7,354	12,800	**26,917**	17,773	**34,271**	30,573
Current	**3,986**	1,352	**16,518**	902	**20,504**	2,254
Non-current	**3,368**	11,448	**10,399**	16,871	**13,767**	28,319
	7,354	12,800	**26,917**	17,773	**34,271**	30,573

Provision is made for the exit costs of properties no longer occupied by the Group where there is a contractual obligation to restore the property back to its original condition. The average remaining lease term for these properties is 2.8 years (2023: 1.2 years).

Other provisions include long-term employee benefits where cash settlement is based on the Directors' best estimate of future cash flows of the Pepco business. The utilisation is expected within the following five years.

20. Share capital and premium

	30 September 2024 €000	30 September 2023 €000
Ordinary share capital		
Allotted, Issued, and fully paid		
576,027,342 (2023: 576,027,342) A ordinary shares of €0.01 each	5,760	5,760

	Nominal value €	Share capital Shares ('000)	Share capital €000	Share premium €000	Merger reserve €000
At 30 September 2023	€0.01	576,027	5,760	13	(751)
At 30 September 2024	**€0.01**	**576,027**	**5,760**	**13**	**(751)**

21. Share-based payments

Value Creation Plan

During the period ended 30 September 2024, the Group operated four equity-settled share-based payment arrangements, summarised as follows:

- The Value Creation Plan
- The Long Term Incentive Plan
- The CFO Award
- The Chair Award

The estimated weighted average fair value of awards granted in the period was €4.91, and the weighted average exercise price of awards granted in the period was nil. Four individuals exercised nil cost options during the financial year under the Value Creation plan. The awards outstanding as at 30 September 2024 had a weighted average exercise price of nil, and a weighted average remaining contractual life of 5.84 years.

No cash-settled share-based payment arrangements were operated in the period.

In the period ended 30 September 2024, the Group recognised a total share-based payment expense of €7.9m (2023: €1.1m), including employer's social security accrual of €1.0m (2023: €0.6m).

Value Creation Plan

The Value Creation Plan ("VCP") was adopted on 3 March 2020. The VCP aligns the remuneration of Executive Directors with the value generated for shareholders. The VCP was originally granted by Pepco Group Limited, which was acquired by Pepco Group N.V. on 13 May 2021, and awards novated to Pepco Group N.V. at that time.

21. Share-based payments continued

Nature of Conditional Award

Under the VCP, participants are granted a "Conditional Award" giving the potential right to be granted nil-cost options based on the absolute Total Shareholder Return (TSR) generated above a hurdle (the Threshold TSR) at the end of each plan year (the "Measurement Date") over a seven-year period.

At each Measurement Date, up to 6.5% of the value created above the hurdle may be "banked" in the form of a grant of nil-cost options. For any Measurement Date since 18 April 2023 the maximum value of nil-cost options which may be granted for each performance period is €52m (based on a full 6.5% Conditional Award allocation).

The Initial Price for the VCP is based on a proxy for the average valuation for the Group on 1 October 2022. Participants may receive a grant of nil-cost options at the end of each year of the performance period with a value representing a proportion of the Company's TSR above the Threshold TSR at the relevant Measurement Date.

The Threshold TSR or hurdle which has to be exceeded before share awards can be earned by participants is the higher of:

- the highest previous measurement of TSR (for any Measurement Date on or after 18 April 2023 the reference point is not earlier than 1 October 2022); and
- the Initial Price compounded by 10% p.a. (re-based with effect from 1 October 2022).

If the value created at the end of a given plan year does not exceed the Threshold TSR, no nil-cost options will be granted on the Measurement Date following that year under the VCP.

The next Measurement Date will be in January 2025, 30 days after publication of the 2024 full year results.

Vesting of nil-cost options

Under the VCP, nil-cost options may vest in three tranches of 50%, 50%, and 100% (in each case, with the percentage applying to the unvested nil-cost options held).

Vesting schedule for nil-cost options granted prior to 18 April 2023

The vesting schedule provides that 50% of the cumulative number of nil-cost options may vest following the third Measurement Date, 50% following the fourth Measurement Date, and 100% following the fifth Measurement Date. At each vesting date, vesting of awards is subject to:

a) a minimum Threshold TSR of 10% CAGR on the Initial Price being maintained:

- where the TSR has been achieved at the third Measurement Date, 50% of the cumulative balance of nil-cost options will vest. If the TSR has not been achieved no nil- cost options will vest at this point but they will not lapse;
- where the TSR has been achieved at the fourth Measurement Date, 50% of the cumulative balance of nil-cost options will vest. If the TSR has not been achieved no nil-cost options will vest at this point but they will not lapse; and
- where the TSR has been achieved at the fifth Measurement Date, 100% of the cumulative balance of nil-cost options will vest. If the TSR has not been achieved no nil-cost options will vest at this point and the remaining cumulative balance will lapse;

b) shares allocated as a result of the vesting of nil-cost options are subject to a two year post-vesting holding period from the first vesting date; and

c) a personal annual cap on vesting of €20m for the CEO and a proportionate limit for other participants:

- in the event that in any year vesting as described above would exceed the personal annual cap, any nil-cost options above the cap will be designated as deferred nil-cost options and will be rolled forward and allowed to vest in subsequent years provided the cap is not exceeded in those years, until the VCP is fully paid out or after five years after the fifth Measurement Date when any deferred nil-cost options will vest. Such deferred nil-cost options are not subject to further underpins, performance conditions or service conditions.

Vesting schedule for nil-cost options granted on or after 18 April 2023

The vesting schedule provides that 50% of the cumulative number of nil-cost options may vest following the fifth Measurement Date, 50% following the sixth Measurement Date, and 100% following the seventh Measurement Date. At each vesting date, vesting of awards is subject to:

a) a minimum Threshold TSR of 10% CAGR on the Initial Price being maintained:

- where the TSR has been achieved at the fifth Measurement Date, 50% of the cumulative balance of nil-cost options will vest. If the TSR has not been achieved no nil- cost options will vest at this point but they will not lapse;
- where the TSR has been achieved at the sixth Measurement Date, 50% of the cumulative balance of nil-cost options will vest. If the TSR has not been achieved no nil-cost options will vest at this point but they will not lapse; and
- where the TSR has been achieved at the seventh Measurement Date, 100% of the cumulative balance of nil-cost options will vest. If the TSR has not been achieved no nil-cost options will vest at this point and the remaining cumulative balance will lapse;

b) shares allocated as a result of the vesting of nil-cost options are subject to a two year post-vesting holding period from the first vesting date;

c) a personal annual cap on vesting of €20m, €14m, and €10m respectively for Trevor Masters, Andy Bond, and any other Executive Director (including Neil Galloway):

- in the event that in any year vesting as described above would exceed the personal annual cap, any nil-cost options above the cap will be designated as deferred nil-cost options and will be rolled forward and allowed to vest in subsequent years provided the cap is not exceeded in those years, until the VCP is fully paid out or after two years after the seventh Measurement Date when any deferred nil-cost options will vest. Such deferred nil-cost options are not subject to further underpins, performance conditions or service conditions; and

d) no nil-cost options may be exercised until 1 October 2025.

21. Share-based payments continued

Valuation of awards

The fair value of awards granted under the VCP was initially calculated at €45.3m and employer social security liability of €9.7m spread over the initial five-year period. An expense of €3.5m was recognised during the period (2023: €1.1m). The expense recognised consisted of a credit of nil (2023: €11.5m) in relation to the reversal of charges relating to leavers and unallocated amounts in the VCP.

Long Term awards

VCP replacement awards

On 30 September 2023, the board approved the grant of restricted stock units ("RSUs") and nil-cost options under the Pepco Group N.V. Long Term Incentive Plan (the "LTIP") to replace selected existing awards granted under the VCP. These awards were granted on 22 December 2023.

The terms of this award are set out in the new LTIP rules approved by the Board on 27 January 2022 and subsequently amended on 15 March 2024. The RSUs are subject to an EBITDA performance condition and a service condition lasting until 30 September 2024 for 50% of the award, and 30 September 2025 for the remaining 50% of the award. The nil-cost options are subject to four non-market based performance conditions (EBIT, EBITDA, CO_2 emissions, and ethical sourcing), and a service condition lasting until 30 September 2026.

In addition, the shares underpinning the RSU awards granted to an executive director are subject to a holding period running until 30 September 2026 and the shares underpinning the nil-cost option awards granted to executive directors are subject to a holding period running until 22 December 2028. As these holding periods extend beyond the service completion dates, they represent post-vesting restrictions for the purposes of IFRS 2.

Management have identified the LTIP awards granted to the holders of VCP awards who agreed to surrender their existing awards as replacement awards and have applied the principles of modification accounting to this transaction. As such, the underlying expense associated with the VCP awards is continuing to be recognised over the original service period. An additional expense is recognised over the vesting period of the replacement awards to reflect the increase in fair value of the replacement awards over the fair value of the VCP awards at the modification date.

The VCP replacement awards were valued using a Black Scholes methodology with a discount to reflect the impact of post-vesting holding periods, where applicable. For the purposes of determining the increase in fair value resulting from the modification, the VCP awards were valued as at the modification date using a Monte Carlo methodology. During the period, an expense of €0.2m was recognised in relation to the VCP replacement awards, which reflected the likelihood of the non-market based performance conditions being achieved.

Other LTIP awards

There have been grants of LTIP awards in the form of RSUs and nil-cost options on 22 December 2023 and 11 April 2024 over a total of 1.5m shares.

The RSUs are subject to an EBITDA performance condition and a service condition lasting until 30 September 2024 for 50% of the award, and 30 September 2025 for the remaining 50% of the award. The nil-cost options are subject to four non-market based performance conditions (EBIT, EBITDA, CO_2 emissions, and ethical sourcing), and a service condition lasting until either 30 September 2025 or 30 September 2026.

The LTIP awards were valued using a Black Scholes methodology which resulted in a fair value equal to the share price on the date of grant. During the period, an expense of €0.3m was recognised in relation to the new LTIP awards, which reflected the likelihood of the non-market based performance conditions being achieved.

CFO Award

On 12 October 2023, a one-off share-based payment award was granted to the CFO in the form of a nil-cost option over 156,888 shares. The CFO Award is not subject to any performance conditions, but has a service condition lasting until 1 April 2026.

The CFO Award was valued using a Black Scholes methodology which resulted in a fair value equal to the share price on the date of grant. During the period, a small credit was recognised to reflect the charge for the period less the reversal of an accrual of approximately €0.3m recognised in the prior period.

Chair Award

On 11 April 2024, a one-off share-based payment award was granted to the Chair in the form of a nil-cost option over a total of 1.6m shares.

The Chair Award is subject to various EBITDA performance conditions and a service condition lasting until 30 September 2024 for 50% of the award, and 30 September 2025 for the remaining 50% of the award.

The Chair Award was valued using a Black Scholes methodology which resulted in a fair value equal to the share price on the date of grant. During the period, an expense of €2.6m was recognised in relation to the Chair Award, which reflected the likelihood of the non-market based performance conditions being achieved.

22. Capital commitments

Capital commitments for which no provision has been made in the financial statements of the Group were as follows:

	30 September 2024 €000	30 September 2023 €000
Acquisition of property, plant and equipment and intangible assets	74,944	77,746

23. Pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to €34.8m (2023: €23.6m). Contributions amounting to €2.3m (30 September 2023: €1.1m) were payable to the scheme at the year end and are included in accruals.

24. Transactions with related parties

Please refer to note 8 for remuneration paid to key management. In FY24, payments totalling £63,932.10 were made to Woodcliffe Associates Limited, a company that Andy Bond has a related party interest in.

25. 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 period.

The discontinued operations relate to the Group's business in Austria. In February 2024, Pepco Group announced the exit out 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. 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:

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Discontinued operations		
Revenue	26,279	53,221
Cost of sales	(13,304)	(27,328)
Gross profit	12,975	25,893
Administrative expenses	(21,903)	(42,171)
Operating loss	(8,928)	(16,278)
Financial income	187	(25)
Financial expense	(623)	(1,178)
Loss before taxation for the period	(9,364)	(17,481)
Taxation	7	5,748
Loss for the period	(9,357)	(11,733)

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

In addition to the results of Pepco Austria highlighted above, in FY24 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:

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Total costs included in total loss on discontinued operations		
Loss for the period from discontinued operations (as per above)	(9,357)	(11,733)
Impairment of receivables and loans payable to fellow subsidiaries	(73,106)	–
Gain on disposal of discontinued operation	40,633	–
Additional costs and provisions associated with the disposal	(6,700)	–
Loss on discontinued operations	(48,530)	(11,733)

26. Restatement note

	30 September 2022 Old €000	Adjustment	1 October 2022 Restated €000	Year to 30 September 2023 Old €000	Adjustment	Year to 30 September 2023 Restated €000
Balance Sheet						
Current assets						
Inventory	959,094	(16,200)	942,894	1,134,618	(15,071)	1,119,547
Trade and other receivables CA	71,418	(1)	71,417	143,522	(390)	143,132
Current liabilities						
Trade and other payables CL	927,884	–	927,884	1,266,195	4,107	1,270,302
Non-current liabilities						
Trade and other payables NCL	37,733	–	37,733	21,894	(131)	21,763
Equity						
Translation reserve	(70,316)	–	(70,316)	(25,784)	2,377	(23,407)
Retained earnings	1,075,041	(16,201)	1,058,840	1,177,285	(21,814)	1,155,471
Income Statement						
Cost of sales	N/A	–	N/A	(3,353,740)	(2,473)	(3,356,213)
Gross Profit	N/A	–	N/A	2,241,924	(2,473)	2,239,451
Administrative expenses	N/A	–	N/A	(1,997,161)	(10)	(1,997,171)
Impairment in other non-financial assets	N/A	–	N/A	–	(3,130)	(3,130)
Earnings per share						
Basic earnings per share	N/A	–	N/A	17.8c	(1.0c)	16.8c
Diluted earnings per share	N/A	–	N/A	17.7c	(1.0c)	16.7c

The prior year balances have been restated and the impact on the relevant financial statement line items have been highlighted above. The restatement has been made as a result of a number of prior period errors that have been noted during the year. The most significant adjustment relates to the incorrect capitalisation of costs into inventory which once corrected reduces inventory and reduces retained earnings, as these costs were incorrectly capitalised in periods prior to FY23. The remaining adjustments relate to releases of debit balances present in receivables and payables which were required to be written off.

27. Alternative Performance Measures (APMs)

Introduction

The Directors assess the performance of the Group using a variety of performance measures; some are IFRS Accounting Standards and some are adjusted and therefore termed "non-GAAP" measures or "Alternative Performance Measures" (APMs). The rationale for using adjusted measures is explained below. The Directors principally discuss the Group's results on an "underlying" basis. Results on an underlying basis are presented before non-underlying items (material, exceptional, unusual and other items).

The APMs used in this Annual Report are underlying EBITDA, underlying profit before tax, like-for-like revenue growth and net debt.

A reconciliation from these non-GAAP measures to the nearest measure prepared in accordance with IFRS Accounting Standards is presented below. The APMs we use may not be directly comparable with similarly titled measures used by other companies.

Non-underlying 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 non-underlying 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 non-underlying 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 non-underlying and other items for the year ended 30 September 2024; see note 4 for more details:

- business restructuring programmes;
- Impairment of goodwill and brand;
- Hungary Fraud incident;
- Impact of implementation of IFRIC interpretation on SaaS arrangements and expensing significant ERP programme costs incurred; and
- IFRS 2 charges in relation to Value Creation Plan award to the management team.

27. Alternative Performance Measures (APMs) continued

Like-for-like revenue growth

In the opinion of the Directors, 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.

	Year to 30 September 2024	Year to 30 September 2023 (Restated)
Reported revenue growth	10.2%	16.0%
Like-for-like revenue growth	(3.2%)	6.0%

Underlying (IFRS 16) EBITDA

Underlying EBITDA (IFRS 16) is defined as reported EBITDA excluding the impact of non-underlying items. Prior year underlying EBITDA (IFRS 16) also excluded the impact of the discontinued operations.

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Reported EBITDA	891,780	701,938
Non-underlying items	52,247	51,601
Underlying EBITDA	**944,027**	753,539

Underlying profit before-tax

Underlying profit before tax is defined as reported profit before tax excluding the impact of non-underlying items. Prior year underlying profit before tax also excludes the impact of the discontinued operations.

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Reported profit before tax	(554,119)	158,845
Other non-underlying items	825,036	55,061
Underlying profit before tax	**270,917**	213,906

Free cash flow

Free cash flow is defined as cash generated by operations, deducted with tax paid, capex like items, and IFRS 16 cash flows shown by the reconciliation below:

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Cash generated by operations	906,361	732,085
Tax Paid	(85,449)	(75,424)
Additions to property, plant and equipment	(204,559)	(356,664)
Additions to other intangible assets	(7,189)	(25,815)
Payment of interest on lease liabilities	(77,311)	(60,188)
Repayment of lease liabilities	(364,274)	(319,992)
Free cash flow	**167,579**	(105,998)

Gross margin

Gross margin represents gross profit divided by revenue. 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.

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Gross profit	2,706,029	2,239,451
Revenue	6,166,749	5,595,664
Gross margin %	**43.9%**	40.0%

27. Alternative Performance Measures (APMs) continued

Net debt (pre-IFRS 16)

The Group uses net debt because the Group 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.

	30 September 2024 €000	30 September 2023 €000
Borrowings from credit institutions	612,980	729,064
Obligations under finance leases	6,785	11,884
Gross debt (excluding IFRS 16 lease liabilities)	619,765	740,948
Closing cash balance	(363,336)	(330,417)
Net debt (excluding IFRS 16 lease liabilities)	256,429	410,531

1 IFRS 16 lease liability is excluded from the gross debt definition under the Group's financing agreement.

Underlying EBITDA (pre-IFRS 16)

Underlying EBITDA (pre-IFRS 16) is defined as reported EBITDA excluding the impact of non-underlying items and the impact of IFRS 16. Prior year underlying EBITDA (pre-IFRS 16) also excluded the impact of the discontinued operations.

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Reported EBITDA	891,780	701,938
Non-underlying items	52,247	51,601
IFRS 16 adjustments	(429,516)	(351,057)
Underlying EBITDA (pre-IFRS 16)	514,511	402,482

Underlying profit before-tax (pre-IFRS 16)

Underlying profit before tax (pre-IFRS 16) is defined as reported profit before tax excluding the impact of non-underlying items and the impact of IFRS 16.

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Reported profit before tax	(554,119)	158,845
Non-underlying items	825,036	55,061
IFRS 16 adjustments	(3,837)	(7,916)
Underlying profit before tax (pre-IFRS 16)	267,080	205,990

Return on invested capital

This provides an annual measure of return based on the capital invested. The calculation is based on the following inputs:

NOPAT/IC, where IC (invested capital) = Property, plant and equipment + intangibles (excl. goodwill) + net working capital (current assets – current liabilities excluding IFRS 16 lease liabilities) and where NOPAT is defined as net underlying operating profit after tax.

	Year to 30 September 2024	Year to 30 September 2023
ROIC	22%	17%

28. Subsequent events

There are no reportable subsequent events.

29. Ultimate parent company

The Company is a direct subsidiary undertaking of IBEX Retail Investments (Europe) Limited, which is registered in England. IBEX Retail Investments (Europe) Limited's registered address is The Space (Floor 3), 120 Regent Street, London, W1B 5FE.

At the reporting date, the Company's ultimate parent company was IBEX Topco B.V, an entity registered in the Netherlands.

30. Earnings per share

	Year to 30 September 2024 ¢	Year to 30 September 2023 (Restated) ¢
Basic earnings per share		
Earnings per share from continuing operations	(114.9)	18.8
Earnings per share from discontinued operations	(8.4)	(2.0)
Earnings per share	(123,3)	16.8
Earnings per share from continuing operations adjusted for non-underlying items	31.1	27.2
Diluted earnings per share		
Diluted earnings per share from continuing operations[1]	(114.9)	18.7
Diluted earnings per share from discontinued operations[1]	(8.4)	(2.0)
Diluted earnings per share[1]	(123.3)	16.7
Diluted earnings per share from continuing operations adjusted for non-underlying items	30.9	27.0

1 Given the loss after tax in FY24, the diluted EPS cannot be lower than basic EPS and therefore both at considered equal on a reported basis.

Basic earnings per share is based on the profit for the year 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 instrument in issue is share awards under the VCP scheme. Please see note 21 for further details of this scheme.

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

	Year to 30 September 2024 €000	Year to 30 September 2023 (Restated) €000
Profit/(loss) from continuing operations attributable to the ordinary equity holders of the Company	(661,639)	108,364
Add back non-underlying items:	825,036	55,061
Add back tax on non-underlying items	15,822	(6,792)
Adjusted profit attributable to the ordinary equity holders of the company	179,218	156,633

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

	Year to 30 September 2024 '000	Year to 30 September 2023 '000
Weighted average number of shares		
Weighted average number of ordinary shares in issue	576,000	575,167
Weighted average number of shares for basic earnings per share		
Weighted average of dilutive potential shares	4,113	4,113
Weighted average number of shares for diluted earnings per share	580,113	579,280

31. Other information

Distribution of profit

No dividends were declared by Pepco Group N.V. for the 2024 reporting period. A dividend of 6.2 Euro Cents per share has been recommended by the Board subject to approval of the shareholders at the Annual General Meeting on 12 March 2025.

Approval and signatories

London (United Kingdom), 20 December 2024

Management

Andy Bond, Executive Chair
Stephan Borchert, Chief Executive Officer
Neil Galloway, Chief Financial Officer

Non-Executive Directors

Frederick Arnold, Independent Non-Executive Director
Maria Fernanda Mejia, Independent Non-Executive Director
Brendan Connolly, Independent Non-Executive Director
Sean Mahoney, Non-Executive Director
Grazyna Piotrowska-Oliwa, Independent Non-Executive Director
Neil Brown, Non-Executive Director
Paul Soldatos, Non-Executive Director

Separate income statement

for the year ended 30 September 2024

	Note	Period to 30 September 2024 €000	Period to 30 September 2023 €000
Administrative expenses		**(658)**	(630)
Operating loss for the year	2	**(658)**	(630)
Financial income	3	**4**	2
Financial expense	4	**(6)**	(8)
Loss before taxation for the year		**(660)**	(636)
Taxation	5	**166**	310
Loss for the year		**(494)**	(326)

The above results were derived from continuing operations.

There was no other comprehensive income for the period.

The notes on pages 133 to 139 form part of these financial statements.

Separate statement of financial position
at 30 September 2024

	Note	30 September 2024 €000	30 September 2023 €000
Non-current assets			
Investment in subsidiary companies	6	**709,199**	702,304
Trade and other receivables	7	**57**	53
		709,256	702,357
Current assets			
Trade and other receivables	7	**812**	762
Cash and cash equivalents		**13**	13
		825	775
Total assets		**710,081**	703,132
Equity and liabilities			
Capital and reserves			
Share capital	9	**5,760**	5,760
Share premium reserve		**663,599**	663,599
Share-based payment reserve		**39,908**	33,013
Accumulated losses		**(1,760)**	(1,266)
Total shareholders' equity		**707,507**	701,106
Current liabilities			
Trade and other payables	8	**2,574**	2,026
Total equity and liabilities		**710,081**	703,132

The notes on pages 133 to 139 form part of these financial statements.

Separate statement of changes in equity
for the year ended 30 September 2024

	Share capital €000	Share premium reserve €000	Share-based payment reserve €000	Accumulated losses €000	Total equity €000
Balance at 1 October 2022	5,750	663,599	35,830	(939)	704,240
Total comprehensive income for the year					
Loss for the year	–	–	–	(326)	(326)
Total comprehensive income for the year	–	–	–	(326)	(326)
Transactions with owners, recorded directly in equity					
Equity-settled share-based payments	–	–	(2,817)	–	(2,817)
New shares issued	10	–	–	–	10
Total contributions by and distributions to owners	10	–	(2,817)	–	(2,807)
Balance at 30 September 2023	5,760	663,599	33,013	(1,266)	701,106

	Share capital €000	Share premium reserve €000	Share-based payment reserve €000	Accumulated losses €000	Total equity €000
Balance at 1 October 2023	5,760	663,599	33,013	(1,266)	701,106
Total comprehensive income for the year					
Loss for the year	–	–	–	(494)	(494)
Total comprehensive income for the year	–	–	–	(494)	(494)
Transactions with owners, recorded directly in equity					
Equity-settled share-based payments	–	–	6,895	–	6,895
New shares issued	–	–	–	–	–
Total contributions by and distributions to owners	–	–	6,895	–	6,401
Balance at 30 September 2024	**5,760**	**663,599**	**39,908**	**(1,760)**	**707,507**

Refer to note 9 for a description of each reserve held within equity and details of movements in the period.

The notes on pages 133 to 139 form part of these financial statements.

Financial statements

Separate statement of cash flows
for the year ended 30 September 2024

	Note	30 September 2024 €000	30 September 2023 €000
Cash flows from operating activities			
Cash generated by operations	10	**1**	8
Net cash inflow from operating activities		**1**	8
Cash flows from investing activities			
Interest received		**–**	2
Net cash inflow from investing activities		**–**	2
Cash flows from financing activities			
Proceeds from the issue of share capital		**–**	10
Net cash inflow from financing activities		**–**	10
Effect of exchange rate fluctuations on cash held		**(1)**	(9)
Cash and cash equivalents at beginning of period		**13**	2
Net (decrease)/increase in cash and cash equivalents		**–**	11
Cash and cash equivalents at end of period		**13**	13

The notes on pages 133 to 139 form part of these financial statements.

Notes to the separate financial statements

1. Significant accounting policies

Pepco Group N.V. (the Company) is a public limited liability company incorporated in the Netherlands (registration number 81928491) and domiciled in the United Kingdom. The Company has a primary listing in on the Warsaw Stock Exchange. The registered address is 14th Floor, Capital House, 25 Chapel Street, London, NW1 5DH, United Kingdom.

As part of a Group reorganisation undertaken prior to the IPO, the Company acquired the entire shareholding of Pepco Group Limited from Flow Newco Limited on 13 May 2021 (the acquisition date), in a share for share exchange by issuing its ordinary shares. Consequently the Company became the immediate holding company of Pepco Group Limited.

The Group reorganisation has been accounted for as a common control transaction whereby the cost of investment in Pepco Group Limited has been determined based on its net asset value on the acquisition date. Please see note 6 for details of the Group reorganisation.

These separate financial statements have been prepared in accordance with IFRS Accounting Standards as endorsed by the EU and with part 9 of Book 2 of the Dutch Civil Code and are presented in addition to the consolidated financial statements of Pepco Group N.V.

Unless otherwise stated, the accounting policies applied are the same as those in the consolidated financial statements.

1.1 Measurement convention

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

1.2 Going concern

The separate financial statements have been prepared on a going concern basis.

In the 2024 reporting period, the Company's current liabilities exceed the current assets.

Refer to the Going Concern section of the consolidated financial statements for a detailed going concern assessment of the Group, including the Company.

1.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment provisions. Investments in subsidiaries are impaired to their recoverable amount. Where a common control transaction takes place, an investment is recognised at a value equivalent to the net assets of the acquired entity on the acquisition date. Please see note 6 for more details surrounding the common control acquisition made during 2021.

1.4 Shareholders' equity

The reserves are recognised in accordance with the Dutch Civil Code.

1.5 Changes in accounting policies

Refer to note 1 of the consolidated financial statements for disclosures regarding new accounting standards adopted by the Company and the Group.

1.6 Accounting estimates and judgements

The preparation of these financial statements requires the exercise of judgement, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and various other factors, including expectations of the future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period impacted.

The Company makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates will seldom equal the related actual results. The Directors continually evaluate the estimates, assumptions and judgements based on available information and experience.

Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Impairment of investments

The Company assesses whether there are any indicators of impairment as at the reporting date for all investments in subsidiaries. Investments are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, the Directors must estimate the expected future cash flows from the cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The Company assesses the recoverability of this investment by comparing the recoverable amount to the value of the Group as listed on the stock exchange. Refer to note 1 of the consolidated financial statements for detailed disclosures.

Key judgements

There are no key judgements made in preparation of these financial statements.

1.7 Standards issued but not effective

For a list of new standards issued but not yet effective, please refer to note 1.28 of the consolidated financial statements.

2. Operating loss

The Company does not have any employees. Details of Directors' remuneration can be found in note 8 of the consolidated financial statements. The Company does not receive a charge for these costs as these are borne by another Group entity.

Auditors' remuneration is borne by another Group entity. Please refer to note 5 of the consolidated financial statements for details of total Group auditors' remuneration.

3. Financial income

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Interest income on loans to Group undertakings	4	2
Other financial income	–	–
	4	2

4. Financial expense

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Foreign exchange losses	6	8
	6	8

5. Taxation

Analysis of tax (charge)/credit for the year recognised in the income statement

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Current tax credit		
Current tax on loss for the year	165	139
Adjustments in respect of prior periods	1	171
Total current tax credit	166	310
Deferred tax (charge)/credit		
Origination and reversal of temporary differences	–	–
Adjustments in respect of prior periods	–	–
Total deferred tax credit	–	–
Total tax credit for the year	166	310

The current tax credit is recoverable via group relief.

Factors affecting the tax (charge)/credit for the year recognised in the income statement

The tax credit for the year differs from the standard rate of corporation tax in the UK of 25% (2023: 22.0%). The differences are explained below.

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Loss before tax	(660)	(636)
Expected tax credit at the UK statutory rate of 25% (2023: 22.0%)*	165	140
Effects of:		
Movements in unrecognised temporary differences	–	–
Adjustments in respect of prior periods	1	171
Expenses not deductible	–	(1)
Total tax credit for the year	166	310

* The Company is UK tax resident based on the Company being managed and controlled in the UK and as such is subject to UK corporation tax with the expected tax (charge)/credit reconciled to the UK statutory rate.

5. Taxation continued

Deferred tax not recognised

The Company has no temporary differences (2023: nil) and therefore no deferred tax assets have been recognised.

6. Investments in subsidiaries

	Country of incorporation	Issued share capital	Shareholding %	Total carrying value €000
Pepco Group Limited	United Kingdom	£1,801	100	669,291

On 13 May 2021 the Company acquired the entire share capital of Pepco Group Limited in exchange for issuing its own shares. As a common control transaction, the deemed cost of the investment was the net asset value of Pepco Group Limited on the acquisition date of €669,291,000.

	30 September 2024 €000	30 September 2023 €000
Historical cost	669,291	669,291
Contributions to subsidiaries		
Group share-based payments[1]	39,908	33,013
	709,199	702,304

1 The Company's subsidiaries recognise the amounts relating to awards to their employees as a share-based payment expense in their financial statements. As Pepco Group N.V. will settle the share awards, this is recognised as an increase in the investment in relevant subsidiaries in accordance with IFRS 2 "Share-based Payment". For details of the share-based payments which have increased the Company's investments, see note 21 to the consolidated financial statements.

7. Trade and other receivables

	30 September 2024 €000	30 September 2023 €000
Non-current trade and other receivables		
Loans to Group undertakings	57	53
Current trade and other receivables		
Interest due from Group undertakings	10	5
Amounts due from Group undertakings	532	384
Prepayments	270	373
	812	762

8. Trade and other payables

	30 September 2024 €000	30 September 2023 €000
Current trade and other payables		
Amounts due to Group undertakings	2,445	1,863
Trade payables	129	163
	2,574	2,026

9. Share capital and reserves

	30 September 2024 €000	30 September 2023 €000
Authorised share capital		
1,725,000,000 ordinary shares of €0.01 each	**17,250**	17,250
Issued share capital		
576,027,342 (2023: 576,027,342) ordinary shares of €0.01 each	**5,760**	5,760

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company.

Share premium reserve

The closing share premium reserve on 30 September 2024 was €663,599,000 (2023: €663,599,000).

Share-based payment reserve

This reserve comprises the cumulative value of shares to be issued as a result of the Group equity-settled share-based payment scheme. Upon the issue of any shares resulting from the scheme, a transfer will be made out of the share-based payment reserve to share capital and share premium as applicable. Please see note 21 of the consolidated financial statements for details about the share-based payment scheme.

10. Cash flow information

Cash utilised in operations

	30 September 2024 €000	30 September 2023 €000
Loss before tax	**(660)**	(636)
Adjusted for:		
Net foreign exchange gains	**–**	–
Financial income	**(4)**	(2)
Financial expense	**6**	8
Cash generated from operations before changes in working capital	**(658)**	(630)
Changes in working capital:		
Increase in trade and other receivables	**(54)**	(181)
Increase in trade and other payables	**548**	509
Impact of group relief not yet received	**165**	310
Net changes in working capital	**659**	638
Cash generated from operations	**1**	8

Net debt reconciliation

	30 September 2024 €000	30 September 2023 €000
Cash and cash equivalents	**13**	13
Loans receivable from Group undertakings	**57**	53
	70	66

11. Transactions with related parties

The following is a summary of transactions with Group companies during the period and balances at the end of the period:

	Year to 30 September 2024 €000	Year to 30 September 2023 €000
Interest income		
Peu (Fin) Plc	**5**	2
Expenses recharged		
Peu (Fin) Plc	**–**	214
Loans receivable		
Peu (Fin) Plc	**57**	53
Interest accrued on loans		
Peu (Fin) Plc	**10**	5
Amounts due from Group undertakings		
Peu (Fin) Plc	**360**	238
Poundland Limited	**52**	46
Poundland Elgin Limited	**77**	58
Pepkor Europe Limited	**43**	42
Amounts owed to Group undertakings		
Peu (Tre) Limited	**(958)**	(903)
Pepco Group Services Limited	**(1,488)**	(960)

Interest is charged on the loans receivable at the gross effective interest rate of the Group's external debt, plus an appropriate transfer pricing mark-up where appropriate. Loans are unsecured and repayable in line with the maturity of the Group's external debt.

12. Financial risk management

The Management Board and Executive team are responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively within the Company. The Company does not speculate in the trading of derivative or other financial instruments.

Total financial assets and liabilities

	30 September 2024 €000	30 September 2023 €000
Related party loans receivable	**57**	53
Non-current financial assets	**57**	53
Related party loans receivable	**10**	5
Prepayments	**270**	373
Amounts due from Group undertakings	**532**	384
Cash and cash equivalents	**13**	13
Current financial assets	**825**	775
Amounts owed to Group undertakings	**(2,445)**	(1,863)
Trade payables	**(129)**	(163)
Current financial liabilities	**(2,574)**	(2,026)

No items were classified as "at fair value through profit or loss" or "at fair value through other comprehensive income" during the 2024 and 2023 reporting period.

The carrying amount of financial assets and liabilities approximates its fair value.

The fair value calculation of the financial assets and liabilities was performed at the reporting date. Between the reporting date and the date of this report, the fair values reported may have fluctuated with changing market conditions and therefore the fair values are not necessarily indicative of the amounts the Company could realise in the normal course of business subsequent to the reporting date.

12. Financial risk management continued

Foreign currency risk

The financial assets and liabilities of the Company are denominated in the functional currency except for the following British Pound denominated related party loans receivable, cash and cash equivalents and amounts owed to Group undertakings.

	30 September 2024 €000	30 September 2023 €000
Related party loans receivable	52	60
Cash and cash equivalents	1	1
Amounts owed to Group undertakings	(316)	(364)
Trade payables	(87)	(100)
	(350)	(403)

The following significant exchange rates applied during the period and were used in calculating sensitivities:

	Forecast rate	Spot rate
Euro:British Pound	1.19	1.16

Sensitivity analysis

The table below indicates the Company's sensitivity at the reporting date to the movements in the British Pound that the Company are exposed to on its financial instruments. The percentage given below represents a weighting of foreign currency rates forecasted by the major banks that the Company transacts with regularly. This analysis assumes that all other variables, in particular interest rates, remain constant. The impact on the reported numbers, using the forecast rates as opposed to the reporting date spot rates, is set out below.

	30 September 2024 €000	30 September 2023 €000
Through profit/(loss)		
British Pound strengthening by 10% against the Euro	(35)	(40)
British Pound weakening by 10% against the Euro	35	40

If the foreign currencies were to weaken/strengthen against the Euro, by the same percentages as set out in the table above, it would have an equal, but opposite, effect on profit or loss.

Interest rate risk

At the reporting date the interest rate profile of the Company's financial instruments was:

	30 September 2024			30 September 2023		
	Variable €000	Non-interest bearing €000	Total €000	Variable €000	Non-interest bearing €000	Total €000
Non-current financial assets	57	–	57	53	–	53
Current financial assets	–	23	23	–	18	18
Current financial liabilities	–	–	–	–	–	–
	57	23	80	53	18	71

Sensitivity analysis

The Directors do not consider the Company to be sensitive to movements in interest rates. A reasonably foreseeable movement in interest rates would not have a material effect on the profit of the Company or the carrying value of the Company's financial instruments.

Credit risk

Potential concentration of credit risk consists principally of related party loans receivable. At 30 September 2024, the Company did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

The carrying amounts of financial assets represent the maximum credit exposure.

The maximum remaining exposure to credit risk at the reporting date, without taking account of the value of any collateral obtained, was €80,000. All exposure to credit risk is within the United Kingdom.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected. The Company is not exposed to significant liquidity risk on the basis that its only financial liabilities are owed to other Group companies.

13. Reconciliation of net profit and shareholders' equity of the Company with the consolidated results

	30 September 2024		30 September 2023	
	Total equity €000	Net profit for the period €000	Total equity (Restated) €000	Net profit for the period (Restated) €000
Shareholders' equity and net profit for the period according to separate financial statements	**707,507**	**(494)**	701,106	(326)
Share of subsidiaries' consolidated (loss)/profit for the period	**(709,675)**	**(709,675)**	96,957	96,957
Share of subsidiaries' consolidated other comprehensive income for the period	**76,982**	**-**	(84,669)	–
Prior period share of subsidiaries' consolidated total comprehensive income for the period and other reserve movements	**436,602**	**-**	424,314	–
Equity and profit after tax for the period according to consolidated financial statements	**511,416**	**(710,169)**	1,137,708	96,631

This note has been restated for FY23 to reflect the restatements that have taken place in the consolidated financial statements. Please see note 26 in the consolidated financial statements for further details.

14. Subsequent events
There are no reportable subsequent events.

15. Principal subsidiaries
The statutory list of all subsidiaries and affiliated companies in included on pages 148 to 149.

16. Ultimate parent company
The Company is a direct subsidiary undertaking of IBEX Retail Investments (Europe) Limited, which is registered in England. IBEX Retail Investments (Europe) Limited's registered address is The Space (Floor 3), 120 Regent Street, London, W1B 5FE.

At the reporting date, the Company's ultimate parent company was IBEX Topco B.V., an entity registered in the Netherlands.

17. Approval and signatories
London (United Kingdom), 20 December 2024

Management
Andy Bond, Executive Chair
Stephan Borchert, Chief Executive Officer
Neil Galloway, Chief Financial Officer

Non-Executive Directors
María Fernanda Mejía, Independent Non-Executive Director
Brendan Connolly, Independent Non-Executive Director
Fred Arnold, Independent Non-Executive Director
Grazyna Piotrowska-Oliwa, Independent Non-Executive Director
Paul Soldatos, Non-Executive Director
Neil Brown, Non-Executive Director
Sean Mahoney, Non-Executive Director

Independent auditor's report

To the shareholders and Board of Directors of Pepco Group N.V.

Report on the audit of the financial statements for the year ended 30 September 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements for the year ended 30 September 2024 (hereafter "financial statements") of Pepco Group N.V. (hereafter "Company" refers to the legal entity, and "Group" refers to the consolidated level), based in London, United Kingdom. The Company is head of a group of entities ("components"). The financial information of this group is included in the 2024 Consolidated Financial Statements of the Group. The financial statements include the 2024 Consolidated Financial Statements and the 2024 Separate Financial Statements.

In our opinion:

- The accompanying Consolidated Financial statements give a true and fair view of the financial position of the Group as at 30 September 2024 and of its result and its cash flows for the year ended 30 September 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying Separate Financial statements give a true and fair view of the financial position of the Company as at 30 September 2024 and of its results for the year ended 30 September 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The Consolidated Financial Statements comprise:

1. the consolidated statement of financial position as at 30 September 2024;
2. the following statements for the year ended 30 September 2024: the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows; and
3. the notes comprising a summary of the material accounting policies and other explanatory information.

The Separate Financial Statements comprise:

1. the separate statement of financial position as at 30 September 2024;
2. the following statements for the year ended 30 September 2024: the separate income statement, the separate statement of changes in equity and the separate statement of cash flows; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the Group and the Company in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, to the financial statements as a whole.

Based on our professional judgement we determined the materiality for the financial statements as a whole at €15.4 million (2023: €11.7 million). The materiality is based on 7.5% of profit before tax from continuing operations when normalized for impairments. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Audits of group entities (components) were performed using materiality levels determined by the judgement of the group audit team, based on the materiality of the Consolidated Financial Statements

We communicated with the Audit Committee that misstatements in excess of €500 Keur, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

The Company is at the head of a group of entities ("components"). The financial information of this group is included in the 2024 Consolidated Financial Statements of the Group.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Group, its environment, controls and critical process, to consider qualitative factors in order to ensure that we obtained sufficient audit coverage across all financial statement line items.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements whether due to fraud or error and then designed and performed audit procedures responsive to those risks. In particular, we looked at where management made subjective judgement such as making assumptions on significant accounting estimates.

Scope of the group audit continued

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out on the entities. Our group audit is mainly focused on financially large entities in terms of size and financial interest or where significant risks or complex activities were present, leading to full scope audits having been performed on the following two sub groups in scope, Pepco Group CEE and Poundland.

We performed audit procedures at group level on areas such as consolidation, financial statement disclosures and impairment testing for intangible assets (including goodwill). Specialist were involved amongst others in the areas of information technology, treasury, forensic and valuation.

We also involved component auditors from the Forvis Mazars Network and other audit firms, who are familiar with local laws and regulations. For these component auditors, the group audit team provided detailed written instructions, which include the requirements for component audit teams, the audit approach for significant audit areas, other information obtained centrally and the need for awareness for fraud risks. Our oversight procedures also included a combination of remote and on-site reviews of working papers of the auditors of the significant components in Poland and United Kingdom, (virtual) meetings with component auditors and management of the components, and reviewing deliverables supplied by the component auditors to gain sufficient understanding of the work performed. We varied the nature, timing and extent of these procedures based on both quantitative and qualitative considerations. For smaller components, we have performed review procedures or specified audit procedures.

By performing the procedures mentioned above we have been able to obtain sufficient and appropriate audit evidence about the consolidated and separate company financial information and to provide an opinion on the financial statements as a whole.

Audit approach fraud risks

We refer to section 'Risk management' of the Management Board Report for management's fraud risk assessment. We note that management regularly updates its risk assessment including fraud and updates its risk and control framework.

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often has a more in-depth character.

As part of our procedures of identifying fraud risks, we evaluated fraud risks factors with respect to financial reporting fraud, misappropriation of assets and corruption. We identified the following fraud risks and performed the following specific procedures:

Fraud risk 1	Our audit work performed
Management override of controls Management is ordinarily in a unique position to adjust the financial statements by overriding controls that otherwise appear to be operating effectively. In this context, we paid attention to: • The appropriateness of journal entries and other adjustments made in the preparation of the financial statements, such as consolidation journals. • Potential biases in estimates, such as impairment of intangible assets (goodwill and other intangible assets) and right-of-use assets, leases and derivatives. • Significant transactions, if any, outside the normal course of business. • The results of the Internal Audit and external specialists investigations and the implementation of mitigating measures on the Hungary fraud matter as detailed under Cybersecurity (Fraud Risk 4) below.	Amongst others we have performed the following audit procedures: • an assessment of the internal control framework, including management integrity, and evaluated the design and implementation of the relevant controls in the financial closing process; • Inquiries of individuals with different levels of responsibility involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; • Test the appropriateness with underlying audit documentation of a sample of journal entries and other adjustments made during the year, at the end of the reporting period and post-closing entries; • an evaluation of judgements and decisions for bias by management for key accounting estimates with respect to goodwill and other intangible assets, leases and derivatives, including retrospective reviews of judgements and assumptions related to significant accounting estimates of the prior and current year.

Fraud risk 2	Our audit work performed
Risk of fraud in revenue recognition The disclosure on the accounting principles in relation to revenue recognition is set out in Note 3 of the consolidated financial statements. The risk of fraud in revenue recognition is a presumed audit risk. For the Company this has been assessed as a risk for overstatement of revenue through the occurrence of inappropriate manual transactions (non-standard transactions).	Amongst others we have performed the following audit procedures: • We assessed the internal control framework and evaluated the design and implementation of the relevant controls in the financial closing process and other processes. • We assessed the IT environment and relevant systems. • We performed audit procedures on non-standard journal entries based on fraud risk criteria. • We tested the reconciliation point of sales systems to cash.

Audit response to the risks of fraud continued

Fraud risk	Our audit work performed
Fraud risk 3 **Risk of fraud / bribery through use of agents (sourcing)** The company uses agents in its sourcing process which creates a potential risk of fraud / bribery through the use of agents. The majority of the products are sourced from factories in China, India and Bangladesh which are considered to have a higher risk of corruption and bribery.	Our audit work performed Amongst others, we have performed the following audit procedures • We obtained an understanding of the design and implementation of the processes and controls in place with regards to the procurement cycle. • We tested the operating effectiveness of the controls implemented over the onboarding of new suppliers in the procurement process. • We identified at risk suppliers based on an inspection of external forensic reports issued in prior years and substantively tested the identified transactions with these suppliers during the current financial year. • We obtained the internal audit department reports issued during the year and inspected these to determine whether there were any matters that we needed to be aware of in terms of the procurement process.
Fraud risk 4 **Cybersecurity** In February 2023, the Company was targeted by a significant fraud in Hungary, executed through a sophisticated social engineering scam. This incident prompted a comprehensive review of both the financial and IT control environments to mitigate the risk of similar future occurrences. Despite proactive collaboration with relevant authorities, the recovery of the misappropriated funds is deemed unlikely. The fraud incident had substantial implications for the Company's control environment. The Board of Directors, in collaboration with Internal Audit, undertook additional procedures over key risks in all operating entities. Some instances of non-compliance with procedures and accounting rules were discovered, including related to supplier discounts. Additional internal Audit activities were performed together with external forensic specialists to leverage industry best practice and subject matter expertise. These efforts included performing a comprehensive analyses of balance sheet positions and implementing measures to prevent future occurrences. On the basis of Internal Audit and its external specialists' investigations the Company took appropriate remediation measures. In light of the significant financial impact of the unrecovered funds, comprehensive analyses of balance sheet positions and the subsequent changes to the control environment, this was considered as areas of focus during our audit.	Our audit work performed Amongst others we have performed the following audit procedures: Our audit procedures included the following: • We reviewed the scope, methodology, and findings of the forensic specialists engaged by the Board of Directors to ensure the thoroughness and accuracy of their analyses. • With the involvement of our own forensic specialists, we held meetings with the external lawyers and specialists engaged by the Board of Directors to obtain explanations about the current developments. • We assessed the adequacy and effectiveness of the additional procedures and improvements implemented by the Board of Directors and internal audit. • We evaluated the mitigating measures put in place to ensure they are robust and sufficient to prevent future occurrences of similar fraud. • We obtained the results of the Internal Audit procedures on the phishing attack and the resulting process improvements made, and determined any additional work required. • We assessed the work performed by the component auditors on highlighted focus areas.

In addition, we also performed the following more general procedures:

- we assessed the whistleblowing and compliance matters followed up by management;
- we evaluated whether transactions, both usual and unusual, with related parties have been identified and appropriately disclosed; and
- we have incorporated an element of unpredictability in the selection of the nature, timing and extent of our audit procedures

Our response to the risk of non-compliance of laws and regulations

We have obtained an understanding of the relevant laws and regulations. We have identified the following laws and regulations that have an indirect effect on the financial statements: anti-bribery and corruption laws & regulations, competition and data privacy laws, and human rights laws and regulations.

We held enquiries with management and the audit committee if the entity is compliant with laws and regulations which directly or indirectly have a material impact on the financial statements. We also inspected relevant correspondence with regulatory and supervisory authorities. We also inspected lawyers' letters and remained alert to indications of identified and suspected non-compliance throughout the audit, held enquiries with legal counsel, and obtained a written representation from management that all known instances of identified and suspected non-compliance with laws and regulations were disclosed to us.

Observations

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently they are not planned and performed as a specific investigation regarding fraud and non-compliance with laws and regulations, except for the instances mentioned under Cybersecurity. Our audit procedures have not led to any findings.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Board of Directors, related to going concern under the prevailing standards are outlined in the "Description of responsibilities regarding the financial statements" section below. The Board of Directors has performed its going concern assessment and has not identified any going concern risks. Our main procedures to assess the Board of Directors assessment were:

- we considered whether the Board of Directors assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we evaluated the consistency of information used in the Board of Directors going concern assessment (including cash flow projections and stress test scenarios) and information obtained through auditing other areas such as impairment assessments;
- we analyzed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- we inquired with the Board of Directors on the key assumptions and principles underlying the Board of Directors assessment of the going concern risks;
- we inspected agreements in terms of conditions that could lead to going concern risks.

Based on these procedures, we did not identify any reportable findings related to the Company's ability to continue as going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of the audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Impairment testing of goodwill *The group accounting policies in respect of goodwill and impairment are set out in the accounting policy notes of the consolidated financial statements (Note 1.10). The disclosure on the 'Accounting estimates and judgements' in relation to impairment of intangible assets (goodwill) is set out in Note 1.29 of the consolidated financial statements.* For purposes of impairment testing, goodwill is allocated and monitored on a (group of) Cash Generating Unit ('CGU') level. Other intangibles and property, plant, and equipment are grouped to CGUs. For goodwill, management is required to assess the recoverable amount of the respective CGUs. In view of the inherent uncertainties, including those related to the current macro-economic environment, the projection of sales volumes, revenues, margins, and discount rates in management's impairment tests, involved an increased level of judgement for CGUs. As a result of impairment testing for the current year, management concluded on impairment loss of €771 million, relating to Poundland. Given the high level of judgement made by management to estimate the recoverable amounts used in management's impairment tests for intangible assets (including goodwill) and property, plant and equipment, the impairment testing was a key audit matter.	We involved our valuation specialists during our audit procedures. Our audit procedures included the following: • We evaluated the design effectiveness of controls related to the impairment assessment including the appropriateness of management's assessment of the CGUs, indicators of impairment, discount rates and forecasts. • We assessed and evaluated the reasonableness of key assumptions in the fair value less cost of disposal and value in use calculations, including the received offer(s) supporting the fair value less cost of disposal and the projected revenue growth, operating margin, discount rates and growth rates used in the value in use model. • We benchmarked key assumptions against external data and challenged management by comparing the assumptions to historic performance of the company and local economic developments, taking into account the sensitivity test of the goodwill balances for any changes in the respective assumptions; • We engaged with our internal valuation experts to assist us in evaluating the appropriateness of the fair value less cost of disposal and value in use impairment models, including the key assumptions and supporting documentation, and conclude on the overall reasonableness.; • We audited management's sensitivity analysis to assess the impact of potential changes in assumptions; • We verified the mathematical accuracy of the models and agreed these models with relevant data; • We evaluated the reasonableness of the disclosures made in the financial statements in relation to the carrying value of goodwill. **Our observations** Applying the aforementioned materiality, we did not identify any reportable findings in management's assessment of the recoverability of intangible assets (including goodwill) and property, plant and equipment impairments recorded in Notes 10 and 11.

Report on the other information included in the Annual Report 2024

In addition to the financial statements and our auditor’s report thereon, the Annual Report 2024 contains other information that consist of:

- Introduction to governance;
- Report of the Board of Directors;
- Corporate governance Statement;
- Audit Committee report;
- Remuneration report;
- Annexures – Other information.

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Board of Directors as statutory auditor of the Company on December 8, 2021 for the audit for the year ended 30 September 2021 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

The Company has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the Annual Report prepared in XHTML format, including the partly marked-up Consolidated Financial Statements as included in the reporting package by the Group, complies in all material respects with the RTS on ESEF.

The Board of Directors is responsible for preparing the Annual Report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the Annual Report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included among others:

- obtaining an understanding of the Group’s financial reporting process, including the preparation of the reporting package;
- identifying and assessing the risks that the Annual Report does not comply in all material respects with the RTs on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the 2024 Consolidated Financial Statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of the Board of Directors use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 20 December 2024

Forvis Mazars Accountants N.V.

O. Opzitter RA

Articles of Association provisions governing the distribution of profit

The holders of ordinary shares are entitled to one vote per share and to participate in the distribution of dividends and liquidation proceeds. Pursuant to Article 26 of the Articles of Association, a dividend may be declared provided that the Company's equity exceeds the amount of the paid-up and called-up part of the issued capital, increased by the reserves which must be kept by virtue of the law. The Board shall determine the amount of profits to be reserved. The general meeting is authorised to, in whole or in part, distribute the profits remaining thereafter and to declare a distribution in kind. The Board is authorised to declare interim distributions of profits or on account of a freely distributable reserve.

List of branches

The table below lists all branches of the Company as well as all subsidiaries whose results were consolidated during the reporting period.

Branch	Place of branch	Country of branch	Register of branch	Origin entity	Country of origin entity
Fully Sun China Limited – Bangladesh	Bangladesh	Bangladesh	TIN- 4404-3933-6667	Fully Sun China Limited	China (Hong Kong)
Poundland Limited – Isle of Man	Isle of Man	Isle of Man	Tax reference no: C145894-73	Poundland Limited	UK
Poundland Limited – Republic of Ireland	Republic of Ireland	Republic of Ireland	Tax reference no: 9798866A	Poundland Limited	UK

Statutory list of all subsidiaries and affiliated companies
as at 30 September 2024

This list forms part of the notes to the 2024 separate financial statements and has been referenced therein.

Entity name	Country of incorporation	Registered no.	Shareholding	Principal place of business
Pepco Group Limited	UK	09127609	100%	14th Floor, Capital House, 25 Chapel Street, London, United Kingdom NW1 5DH
Peu (Fin) Plc	UK	11808114	100%	14th Floor, Capital House, 25 Chapel Street, London, United Kingdom NW1 5DH
Peu (Tre) Limited	UK	11808312	100%	14th Floor, Capital House, 25 Chapel Street, London, United Kingdom NW1 5DH
Pepco Group Services Limited	UK	10972213	100%	14th Floor, Capital House, 25 Chapel Street, London, United Kingdom NW1 5DH
Dealz Retailing (Ireland) Limited	Republic of Ireland	541977	100%	Unit 3 Westend Retail Park, Blanchardstown, Dublin 15
Poundland International Limited	UK	03484379	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Vaucluse Diffusion S.A.S.	France	RCS 306 487 075	100%	19 Rue du Musée 13001 Marseille, France
Dealz España SL	Spain	B86867512	100%	C/Bravo Murillo 192, Madrid, Spain
Dealz Poland Sp z.o.o	Poland	KRS 0000692949	100%	Ul. Jasielska 16A, 60-476 Poznan, Wielkopolskie
Poundland Limited	UK	02495645	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Pepkor Europe Limited	UK	09015100	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Pepkor UK Retail Limited	UK	09288913	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Viewtone Trading Group Limited	UK	07398652	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Viewtone Limited	UK	03271182	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Frozen Value Limited	UK	01003192	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Jack Fulton Limited	UK	02317009	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Viewtone Trustees Limited	UK	04560070	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Minaldi Limited	UK	09151610	100%	Poundland Csc, Midland Road, Walsall, United Kingdom WS1 3TX
Pepkor Import B.V.	Netherlands	KvK 61649112	100%	Noord Brabantlaan 265, 5652LD Eindhoven
Pepkor France S.A.S.	France	RCS 805 402 104	100%	1 Place Boieldieu, 75002, Paris, France
Pepco Retail España SL	Spain	B86283751	100%	Avda. Baix Llobregat 1-3, Módulo A, Planta Baja Par No., Esc. P, El Prat de Llobregat
Fully Sun China Limited	China (Hong Kong)	CR 1075298	100%	Rm 1006-8, 10/F, Sun House, 181 Des Voeux Road Central Sheung Wan, Hong Kong
PGS Shanghai Co., Ltd	China	913100007914	100%	8th Floor, H Zone (East), 666 Beijing East Road, Huangpu District, Shanghai
PGS Partner India Private Limited	India	U74999HR2018 FTC073537	100%	Unit No-128, Suncity Success Tower Sector, 65, Gold Course Extn Road, Gurugram, Gurgaon HR, 122005
Pepco Holdings Sp z.o.o.	Poland	0000791461	100%	ul. Strzeszyńska 73A, 60-479 Poznań
Pepco Germany GmbH	Germany	HRB 224064	100%	c/o WeWork, Kemperplatz 1, DE-10785, Berlin

Entity name	Country of incorporation	Registered no.	Shareholding	Principal place of business
Pepco Italy S.r.l	Italy	MI-2568153	100%	Via Michelangelo Buonarroti 39, 20145 Milano (MI), Italy
Pepco Properties Sp z.o.o.	Poland	KRS 0000356422	100%	ul. Strzeszyńska 73A, 60-479 Poznań
Pepco Austria GmbH*	Austria	FN 534293a	100%	Gertrude-Fröhlich-Sandner-Straße 2-4/ Turm 9/7. Stock, 1100 Wien
Pepco Poland Sp z.o.o.	Poland	KRS 0000111962	100%	ul. Strzeszyńska 73A, 60-479 Poznań
Konopacka Holdings B.V.	Netherlands	KvK 58864504	100%	Noord Brabantlaan 265, 5652LD Eindhoven
Rawksa Holdings B.V.	Netherlands	KvK 58864385	100%	Noord Brabantlaan 265, 5652LD Eindhoven
Cardina Investments Sp z.o.o.	Poland	KRS 0000424893	100%	ul. Strzeszyńska 73B lok. 4, 60-479 Poznań
Evarts Investments Sp z.o.o.	Poland	KRS 0000471011	100%	ul. Strzeszyńska 73B lok. 4, 60-479 Poznań
Pepco Ingatlan Kft	Hungary	Cg. 01-09-300734	100%	H-1138 Budapest, Váci út 187
Pepkor Europe GmbH	Switzerland	CHE-194.732.602	100%	c/o Kanzlei Pilatushof, Hirschmattstrasse 15, 6003 Luzern
Pepco Hungary Kft	Hungary	Cg. 01-09-192750	100%	H-1138 Budapest, Váci út 187
Pepco Czech Republic s.r.o.	Czechia	24294420	100%	Prague 4 – Nusle, Hvězdova 1716/2b, PSČ 14078
Pepco Retail SRL	Romania	J40/4655/2013	100%	17 Ceasornicului street, 3rd floor, District 1, Bucharest, Romania
Pepco Slovakia s.r.o.	Slovakia	46 868 674	100%	Nevädzova 6, Ružinov, Bratislava, 821 01, Slovakia
Pepco Croatia d.o.o.	Croatia	MBS 081038164	100%	Zagreb (Grad Zagreb), Damira Tomljanovića Gavrana 11
Pepco Lithuania UAB	Lithuania	304488450	100%	Viršuliškių skg. 34-1, Vilniaus, 05132, Lithuania
Pepco Latvia SIA	Latvia	40203062113	100%	Strelnieku iela 9 – 7, Riga, LV-1010, Latvia
Pepco d.o.o.	Slovenia	7176457000	100%	Tržaška cesta 515, Brezovica pri Ljubljani, 1351, Slovenia
Pepco Estonia OU	Estonia	14249111	100%	Sõpruse Pst 145, Kristiine District, Tallinn, 13417, Estonia
Pepco Bulgaria EOOD	Bulgaria	205119149	100%	Nikola Tesla №5 str., fl. 4, Building BSR 2, Sofia 1574, Bulgaria
Pepco d.o.o. Beograd-Novi Beograd	Serbia	21457345	100%	Bulevar Mihaila Pupina 10L, 11000 Novi Beograd, Serbia
Pepco Group International Limited	UK	14772767	100%	14th Floor Capital House, 25 Chapel Street, London, United Kingdom, NW1 5DH
Poundland Elgin Limited	UK	12111238	100%	Poundland Csc, Midland Road, Walsall, United Kingdom, England, WS1 3TX
Online Poundshop Limited	UK	08870575	100%	Poundland Csc, Midland Road, Walsall, United Kingdom, WS1 3TX
Pepco Greece IKE	Greece	162515401000	100%	Municipality of Nikaia – Agios Ioannis Renti, at Petrou Ralli Street No 97, PC 18233
Pepco Portugal Unipessoal LDA	Portugal	3453-7748-7417	100%	Rua Hermano Neves 18, piso 3, E7, 1600-477 Lisbon (Portugal)
Pepco B-H d.o.o.	Bosnia and Herzegovina	4203144510006	100%	Sarajevo, street Skenderpašina no. 1, Municipality Centar Sarajevo, 71 000 Sarajevo, Bosnia
Pepco Logistics S.L	Spain	773439	100%	C/Bravo Murillo 192, Madrid, Spain
Pepco Distribution Sp. z o.o.	Poland	0001042265	100%	ul. Strzeszyńska 75, 60 – 479 Poznań

* Whilst we own 100% of this entity, it is no longer under the control of Pepco Group N.V. and is considered to be a discontinued operation in the consolidated financial statements.

Glossary of terms

Term	Definition
AGM	Annual General Meeting of shareholders
APM	Alternative Performance Measure
Annual Report	Management report (bestuursverslag) as referred to in Section 2:391 of the Dutch Civil Code
Articles	Articles of Association of the Company, as amended from time to time
BCI	Better Cotton Initiative
Board	Directors of the Company
Board Rules	Board of Directors' Rules of Procedure
CAP	Corrective action plan
CEE	Central and Eastern Europe
CEO	Chief Executive Officer of the Company
CFO	Chief Financial Officer of the Company
CGU	Cash-generating unit
CODB	Cost of doing business
CODM	Chief Operating Decision Maker
Company/PGNV	Pepco Group N.V.
Company Secretary	Company secretary of the Company
Covid-19	The pandemic of coronavirus disease 2019 (Covid-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The pandemic has led to severe global socioeconomic disruption, the closure of a number of businesses and wide-spread shortages of supplies
DC	Distribution centre
Dutch Code	Dutch Corporate Governance Code
Dealz	FMCG-led price-anchored retailer (non-UK)
EAP	Equity Award Plan
EBITDA	Operating profit or loss before depreciation and amortisation adjusted for capital and reclassification items
EGM	Extraordinary general meeting of shareholders
EPS	Earnings per share
ERP	Enterprise resource planning
ESG	Environmental, social and governance
EU	European Union
External auditors	Forvis Mazars Accountants N.V
FMCG	Fast-moving consumer goods
Forvis Mazars	Forvis Mazars Accountants N.V., the Company's external auditors
Fultons/Fultons Foods	Viewtone Trading Group Limited and its subsidiaries
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FY19	1 October 2018 to 30 September 2019
FY20	1 October 2019 to 30 September 2020
FY21	1 October 2020 to 30 September 2021
FY22	1 October 2021 to 30 September 2022
FY23	1 October 2022 to 30 September 2023
FY24	1 October 2023 to 30 September 2024
GM	General merchandise
GOTS	Global Organic Textile Standard

Term	Definition
Group/Pepco Group	The Company and its subsidiaries
IAS	International Accounting Standards
IBEX/ITBV	IBEX Topco B.V.
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering – on 26 May 2021 the Company was admitted for listing on the Warsaw Stock Exchange
LFL	Like for like
LTIP	Long Term Incentive Plan
NED	Non-Executive Director
NOPAT	Net underlying operating profit after tax
PBT	Profit before tax
Pepco	Apparel-led multi-price retailer
PGS	Pepco Global Sourcing
Poundland	FMCG-led price-anchored retailer (UK)
Poundland Group	Poundland companies
RCF	Revolving credit facility
Relationship Agreement	Agreement between affiliates of ITBV and the Company
ROIC	Return on invested capital
SaaS	Software-as-a-Service
Share	A share in the capital of the Company
Shareholder	Holder of one or more shares
Subsidiary	Subsidiary of the Company as referred to in Section 2:24a of the Dutch Civil Code
VCP	Value Creation Plan
WE	Western Europe
WSE	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie)
Warsaw Code	Code of Best Practice for GPW Listed Companies 2021
YoY	Year on year

Shareholder information

The Board values the insight gained from shareholder engagement and places significant importance on maintaining close relationships with shareholders, taking account of and responding to their views. The Group's Non-Executive Chair, CFO and investor relations team communicate on a regular basis with shareholders and analysts and endeavour to facilitate open engagement. In FY24, frequent investor meetings were held alongside a focused Capital Markets Day post year end.

The Group has an investor relations website at www.pepcogroup.eu/investors where all regulatory news as well as other information on the Pepco Group is available.

We aim to maintain strong dialogue with our shareholders and regularly collect feedback. Please contact investorrelations@pepcogroup.eu.

The Company's Annual General Meeting will be held prior to 31 March 2025.

Contact details

General enquiries

14th Floor, Capital House
25 Chapel Street
London NW1 5DH
United Kingdom

0203 735 9210
contact@pepcogroup.eu

Investor relations

investorrelations@pepcogroup.eu

General media enquiries

media@pepcogroup.eu

Financial and corporate media enquiries

PEPCOGroup-LON@finsbury.com

Pepco Group N.V.'s commitment to environmental issues is reflected in this Annual Report, which has been printed on UPM Finesse Silk, an FSC® certified material. This document was printed by Opal X using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

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pepco group

Pepco Group N.V.

14th Floor,
Capital House
25 Chapel Street London
NW1 5DH
United Kingdom

0203 735 9210
contact@pepcogroup.eu

Pepco Group N.V. Annual Report and Consolidated Financial Statements 2024