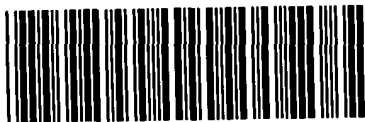


Poundland Limited
Annual Report

Registered number 2495645
for the 52 weeks period ended
28 September 2025

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Strategic report

Principal activity and business review

Poundland Limited ("Poundland" or "the Company") operates in the value retail sector in the United Kingdom (UK), the Republic of Ireland (ROI) and the Isle of Man. The Company changed ownership during the financial year, completing a transaction in June 2025 that saw the business move away from ownership by Pepco Group N.V. (the "Pepco Group"), to being owned by Gordon Brothers Holdings (a US Delaware limited liability company, "GBH"). Within the UK the holding company is 1903 Peach Bidco Limited ("1903 Peach"), which is now 70% owned by GBH and 30% owned by Pepco Group.

Following a Pepco Group strategic review, in March 2025 it commenced a sale process for Poundland Limited. That sale process concluded on 12th June 2025 with GBH completing the acquisition. Shortly after the acquisition a formal part 26a restructuring plan was announced, with the aim of rightsizing the store portfolio. That process was formally sanctioned on 26th August 2025. As well as the formal restructuring the business undertook a major programme of internal restructuring, all aimed at simplifying the proposition, simplifying the operations and going back to offering amazing value to customers every day of the year.

This work was largely concluded by the end of the financial year and, by January 2026, had seen the business make the following changes:

- Reduced store portfolio – store count down c22% versus prior year, from 820 stores at the end of January 2025 to 642 stores at the end of January 2026
- Exited loss making channels – closed down Ecommerce transactional website and Poundland Perks loyalty scheme
- Exited loss making categories – stopped selling frozen foods and extended chilled foods
- Rolled out simpler FMCG proposition – fewer SKUs but bigger volume, simpler £1, £2 and £3 price points, removed high price point but high shrink SKUs
- Restructured the distribution network and customer support centre – closed 2 distribution centres (Darton and Springvale) and reduced central headcount and goods not for resale ("GNFR") by 20%

The business used 2025 as a reset moment. This led to the challenging set of numbers seen in these statutory accounts, but it has positioned the Company as well as it could be in terms of its turnaround.

Strategic aim

The Company's strategic aim remains to create amazing value for its customers every day. We offer amazing value by implementing and executing a number of strategies aimed at enhancing the customer experience. Our simpler strategy is based on three key pillars:

- Optimising our store network
- Enhancing the customer offer
- Driving cost and operational efficiency

Optimising our store network

Core Stores - We continue to focus on performance at an individual store level. The majority of the loss-making stores have been exited, whilst others are now operating at zero rent. We continue to have a diverse range of store types, with high-street, shopping centre and retail park stores, and a diverse range of store sizes, from c2k square foot to c20k square foot, but the new simpler proposition and simpler operation that has been implemented is designed to work across all formats and store sizes.

Enhancing the customer offer

Price leadership - We have gone back to a much simpler pricing policy, initially in FMCG but also now in GM and Clothing. This focuses on fewer SKUs with greater volume at a more simple £1, £2 and £3 price point. This is making life simpler for customers, simpler for store teams to execute and simpler for the distribution network and central teams to support.

Driving cost and operational efficiency

Operating cost management - Our cost base has been rightsized over the last 12 months, across the store network, the distribution network and the customer support centre. This has all been underpinned by the simpler strategy previously outlined and the reduction in store numbers, but it is giving the Company the best chance to return to financial health.

Strategic report (continued)

Financing

The Company has 3 sources of financing available to it. A long term secured loan of £30m from Pepco Group; an asset-based lending facility in place with GBH up to £95m; and a facility agreement with Pepco Group worth £30m. Subsequent to the year end the facility agreement has been replaced with a term facility from GBH for the same value.

Key performance indicators

The KPIs used by the Company are relevant to the sector in which it operates. These are revenue, Adjusted EBITDA, Adjusted EBITDA margin, gross margin %, number of stores, net assets and cash and cash equivalents. Performance against these KPIs is summarised in the table below.

	52 weeks to 28 September 2025	52 weeks to 29 September 2024 Restated
Revenue (£m)	1,549	1,757
Adjusted EBITDA (£m) (see page 3)	20.8	115.5
Adjusted EBITDA margin (%)	1.3	6.6
Gross margin (%)	31.4	37.4
Number of stores	701	836
Net (liabilities)/assets (£m)	(90.2)	29.9
Cash and cash equivalents (£m)	30.6	46.7

Results for the period

The results for the period are set out in the income statement on page 27, with FY24 results impacted by prior period adjustments as detailed in note 26.

The Company experienced difficult trading conditions in FY25 and undertook a significant programme of restructuring which is reflected in these results. Revenue in the 52 week period was £1.55 billion (52 weeks to 29 September 2024: £1.76 billion). In total sales decreased by 11.8% in the period and by 12.5% on a 2 year basis. Adjusted EBITDA was £20.8m (52 weeks to 29 September 2024: £115.5m) as reconciled below. This year-on-year decrease largely results from the reduction in sales and from the increase in input costs including from wages and salaries. Adjusted EBITDA margin % which represents Adjusted EBITDA as a percentage of revenue decreased from 6.6% to 1.3%. The number of stores is discussed on page 1. Gross margin has seen a decline to 31.4% in FY25 from 37.4% in FY24, primarily due to an increase in product costs driven by inflationary pressures throughout our supply chain. Administration expenses (including distribution costs) for the restructured and downsized business reduced by 6.5% year on year. Net liabilities as at FY25 year-end were £(90.2)m (FY24: net assets of £29.9m) primarily due to the restructuring programme and the general drop off in performance leading to a significant impairment cost in the year. Cash and cash equivalents were £30.6m at FY25 year-end (FY24: £46.7m).

As referenced to above the underperformance in the year led to impairment charges across PPE, ROU assets and Goodwill totalling £166.3m (see notes 4, 11 and 12 for further details) due to underperforming stores across the estate.

The tax charge for the year was £35.3m (FY24: £11.7m). The change in the tax charge results from de-recognising the brought forward deferred tax assets in respect of gross temporary differences. The closing deferred tax asset was £nil (FY24: £36.0m). Please refer to note 10 and note 18 of the financial statements for further information.

Property, plant and equipment was £196m (FY24: £399m). The £203m decrease primarily comprises depreciation charges of £106m (FY24: £116m), an impairment charge of £75m (see note 4), disposals of £32.1m (FY24: £2.5m) and £29.3m in lease reassessments (FY24: £nil) offset by £38m in additions (FY24: £121m).

Strategic report (continued)

Reconciliation of adjusted profit measure ("Adjusted EBITDA")

The directors consider Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortisation ("Adjusted EBITDA") to be a more consistent and realistic measure of operating performance. Operating profit is adjusted to exclude the impact of amortisation, depreciation and non-underlying expenses.

In managing the business, Adjusted EBITDA is used as a measure of financial performance. Adjusted EBITDA excludes the impact of the components of distribution costs and administrative expenses which do not contribute to trading activities. The Company does not believe that this measure is a substitute for IFRS measures, however it does believe such information is useful in assessing the performance of the business on a comparable basis. Adjusted EBITDA is a non-IFRS performance measure used by management to aid comparability of our results between periods. As such, it excludes significant business transactions and should not be used in isolation but considered alongside IFRS measures. The nearest equivalent IFRS measure to adjusted EBITDA is profit/loss for the period which is presented in the income statement and reconciled below:

	52 weeks ended 28 September 2025	52 weeks ended 29 September 2024 Restated
	£000	£000
Loss for the period	(120,490)	(57,034)
Add back:		
Taxation charge	35,269	11,651
Loss before tax	(85,221)	(45,383)
Add back:		
Finance expense	34,722	
Finance income	(1,646)	29,184
Loss before financing and taxation	(52,145)	(1,527)
Add back:		
Amortisation of intangibles	2,499	1,535
Depreciation of owned and assets under leases	40,396	44,130
Depreciation of Right-of-Use assets	64,942	72,203
Non-underlying items (note 4 of the financial statements)	(34,921)	15,364
Adjusted EBITDA	20,771	115,506
Revenue (£m)	1,549	1,757
Adjusted EBITDA margin (%)	1.3	6.6

The Company manages performance on an underlying basis after adjusting for non-underlying items. Comparative details for the prior year are provided in note 4. In FY25 non-underlying items totalled £34.9m (FY24: £(15.4)m) and included:

- £0.3m relating to Software-as-a-Service (SaaS) costs to improve our Enterprise Resource Planning (ERP) systems and generate efficiencies in our IT infrastructure. ERP hypercare costs are material, non-recurring and relate to generational change ERP programme implemented over a three-year period completed at the start of FY25.
- £10.0m gain on disposal of intangible asset (tradename), offset by £12.2m loss on sale of tangible assets.
- £18.9m relating to business restructuring costs to streamline business operations.
- £166.3m relating to an impairment cost of Goodwill, PPE and ROU assets. See note 4 for details.
- £251.9m gain relating to loan payable write-off.
- £29.2m impairment of loan receivable.

Strategic report (continued)

Principal risks and uncertainties

Competition

The retail industry, including the value general merchandise retail market is highly competitive, particularly with respect to price, product selection and quality, store location and design, inventory, customer service and advertising. The Company competes at both national and local levels with a diverse group of retailers of varying sizes and covering different product categories. These competitors include value general merchandise retailers, supermarkets, apparel retailers and certain other high street retailers in specific categories. Declining high street footfall is intensifying the competitive environment, further raising the importance of price, product selection and customer service.

Business interruption – logistics and IT

The Company's success depends on its ability to transport goods from its UK distribution centres to its stores through the UK and Ireland in a timely and cost-effective manner. Any unexpected delivery delays, for example the result of severe weather or disruption to the national or international transportation infrastructure, or increase in transportation costs, such as increased fuel costs, could materially adversely affect the business. Any significant failure in the IT processes of the retail operations in stores or in the supply chain could impact the ability to trade. The Company has detailed recovery plans in place in the event of a significant failure.

Stock / inventory management – shrink and impact on working capital

The Company's cash flows from operations may be negatively affected if it is not successful in managing its inventory balances or level of stock. The Company is more focussed than ever on the quality and, in the case of Clothing, freshness of that stock, as well as the overall balances.

Sourcing, product safety and quality

The Company sources its products via third party suppliers. It is essential that the Company continually identifies, develops and maintains relationships with its suppliers. The Company is reliant on these suppliers being able to provide products in sufficient quantities, at appropriate cost and in a timely manner. The Company has good, long-term relationships with its suppliers which continue to improve as an overwhelming number of primary manufacturers supply on a direct basis. The safety and quality of product is particularly important to the Company, as is the adherence of all suppliers to principles of ethical sourcing which are enshrined into codes of conduct. All suppliers are required to adhere to the code of conduct and factories and suppliers are audited and supported to ensure these standards are met. This includes an assessment of all new suppliers that are onboarded as well as regular compliance audits of active supplier factories. In addition, legal or regulatory requirements that suppliers should comply with are clearly laid out. The Company has, in the last 12 months, moved away from exclusively using the suppliers that the Pepco Group use, and built its own sourcing office in the Far East to replace PGS (Pepco Global Supplies). The Company has managed to maintain the same payment terms with any new suppliers and suppliers transferring from PGS, that was available under the Pepco Group.

Trading environment

Inflation, currency fluctuations or other factors may affect Poundland's ability to keep its current pricing strategy. The current pricing strategy is predicated on providing a wide range of merchandise for profitable resale at simple price points anchored on £1 in the UK or €1.50 in ROI. The Company has been able to profitably maintain its pricing strategy by managing its product range (such as by introducing new higher margin branded and own label products or discontinuing low margin products, moving sources of supply to lower cost economies, re-engineering pack sizes and renegotiating with suppliers). The Company pays certain suppliers overseas in US dollars and Chinese Yuan; however, customers pay for products in sterling in the UK or Euros in ROI. The Company therefore bears the risk of disadvantageous changes in exchange rates. The business settled all of its hedges at the point of the transaction with GBH, but has recently started to hedge a small amount of US dollars subsequent to the year end. No hedges were in place as at 28 September 2025.

Regulatory and political – including national living wage, VAT, sugar tax

The Company is impacted by legal and regulatory changes, such as the National Living Wage, VAT changes, employer NI changes and consumer policy changes. Good governance practices are important to the Company and it actively monitors important developments.

Colleague retention

The success of the Company's strategy depends on the continuing services of the Directors and its ongoing ability to attract, motivate and retain other highly qualified employees. Retention of highly qualified employees is especially important due to the reduced headcount in the business and the limited availability of experienced and talented retail executives.

Supply chain

The level of cost inflation in commodity and shipping was stable throughout the 2025 financial period. The business imports most of its GM and Clothing product from the Far East, so is dependent on products arriving in the UK ports on time and in full. Clearly there has been some risk around shipping availability and costs in more recent times in 2026, but the business has a very strong relationship with its main strategic partner, Maersk.

Strategic report (continued)

Non-financial and sustainability information

Task Force on Climate-related Financial Disclosures (TCFD) report

Introduction

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we are committed to enhancing transparency around climate-related risks and opportunities that may impact our business. Over the past year, our organisation has undergone major transformation, including the sale of the business to new ownership and a subsequent period of significant operational, structural, and strategic change.

This transitional period presents both challenges and opportunities as we integrate into a new business framework, redefine our strategic direction, and strengthen our sustainability commitments. Despite the disruption caused by ownership changes and ongoing restructuring, we recognise the importance of embedding climate-related considerations into our core business processes, with a low carbon business model aligned with stakeholder expectations and emerging regulatory standards.

As we continue to adapt and evolve, this disclosure represents an important step in our journey toward integrating climate-related risks and opportunities into decision-making and value creation processes.

The TCFD report is split into the following 4 sections:

1. Governance
2. Strategy
3. Risk Management
4. Metrics & Targets

Governance

During FY25 Pepco Group Board's Audit Committee retained oversight of all ESG-related topics, including climate change up until the point of sale on June 10, 2025. There was a standing ESG update at the quarterly Pepco Group Audit Committee meetings. In addition, Pepco Group formed an Executive ESG committee chaired by Pepco Group's Chief Financial Officer to align and drive ESG priorities, review progress, manage risks, and develop strategies for the Group and its companies. The Group CFO had oversight for the Group's ESG 2030 Strategy and responsibility for its execution, supported by senior management in the operating companies and the Group's Head of ESG. Quarterly ESG progress updates were presented to the Group Board Audit Committee.

Poundland's managing director attended these meetings and was part of the decision-making, direction-setting and implementation of any actions and programmes identified.

In addition, monthly ESG meetings with all sustainability personnel from across all entities, were held chaired by the Head of ESG. These meetings allowed for progress, updates and risks to be flagged and discussed.

In FY25, Poundland underwent many business and restructure changes with the first being appointing a new managing director followed by a new management team. As a result of Poundland being sold to Gordon Bothers in June the business is undergoing a number of additional changes including where reporting lines into Pepco Group were centralised being placed back into the appropriate entities.

At Company level, the Poundland managing director continues to sponsor Poundland's sustainability agenda and oversees actions and implementation of the sustainability strategy through Poundland's sustainability committee. The committee is managed by Poundland's Sustainability Manager, who since the sale has changed reporting lines from the Group Head of ESG directly through to Poundland's transformation director to Poundland's managing director.

During the transition period, the management team, in collaboration with the new ownership has retained responsibility for overseeing climate-related risks and opportunities. Although the management team structure is currently under review as part of the wider governance changes, sustainability and climate resilience remain priority areas of focus

A revised governance framework is being developed, which includes the intention to establish a new dedicated ESG Committee aligned to the new structure. This will support enhanced oversight of the ESG strategy, ensure alignment with emerging regulatory expectations (including TCFD), and guide the integration of climate-related risks into strategic planning and investment decisions.

Strategic report (continued)

Non-financial and sustainability information (continued)

Strategy

Poundland successfully completed its FY19-FY24 strategy in FY24. During this period, the Company worked towards Pepco Group's environmental and social objectives, focusing on reducing carbon emissions and delivering improvements across people and product priorities.

Prior to the change in ownership, Poundland contributed to the development of the Pepco Group's ESG strategy for FY25-FY30. This included the introduction of the carbon reduction targets across Scopes 1,2, and 3 and the establishment of a scope 3 emissions baseline to support future measurement and reporting progress. Poundland had been working towards these targets up until point of separation.

Since the sale, Poundland is now developing a new standalone ESG strategy. This will align with the Company's refreshed business priorities and respond to evolving market expectations, regulatory developments, and stakeholder needs.

The Pepco Group ESG objectives, along with the carbon and climate-related targets, are:

	Goals	KPIs
Planet	Reduce Scope 1+2 carbon emissions by 50% by 2030. (Compared to a FY24 baseline)	Scope 1 and 2 emissions
	Reduce supply chain carbon emissions by 25% by 2035. (Compared to a FY24 baseline)	Scope 3 emissions
	100% own brand packaging designed for circularity by 2030	% of packaging that is recyclable 20% reduction packaging intensity by 2030
	Reduce operational waste by 20% by 2030	Operational waste in tonnes
People	100% of employees can participate in feedback channels by 2030	Engagement survey score
	40% women in senior positions by 2030	% of women at top 3 leadership levels
	100% Pepco own-brand products are ethically sourced by 2030	% own-label products made in Cat 1,2,3 factories
Product	Increase responsibly sourced materials in own-brand products by 2030	At least 30% certified cotton in own brand range by 2030

Risk Management

The Pepco Group Head of Risk managed a centralised Risk Register and associated processes for all operating companies. This register captured key strategic, operational, financial, regulatory, and reputational risks, including those related to climate change. Each risk was assessed against defined criteria and assigned to relevant members of the Poundland management team, who were accountable for mitigation actions and progress reporting.

Following the transaction the responsibility for risk management was passed over to the Poundland management team under the oversight of the Assurance & Risk Committee. The committee monitored the effectiveness of risk management activities and ensured that climate-related risks were considered as part of broader business resilience and strategic planning discussions.

Risks are identified through a combination of management workshops, operational reviews, and strategic assessments conducted with input from the Assurance & Risk Committee and relevant business units. At least twice annually, the management team held a formal Risk Workshop to review existing risks, reassess their scoring, and update mitigation plans. Outcomes from these workshops were used to update the corporate Risk Register and associated action plans.

The Assurance & Risk Committee collaborated closely with the Poundland Sustainability Committee to further enhance the identification and mitigation of climate-related risks, with a particular focus on transition and physical risk exposures.

Strategic report (continued)

Non-financial and sustainability information (continued)

Risk management (continued)

Following the separation from Pepco Group, Poundland is in the process of developing a standalone risk management framework that fully integrates climate-related risks into its broader corporate risk management processes. Responsibility for the identification, assessment, and management of risks has transitioned from the Pepco Group to Poundland and is being embedded within the Company's ongoing organisational restructuring. While quantitative analysis of potential financial and operational impacts has not yet been completed, this will form a key component of the continued development of the new framework. The enhanced framework will enable more robust scenario analysis.

Our scenarios

Orderly transition	Most aggressive reductions made in global CO2 levels Highest level of public policy levers Temperatures will rise by no more than 1.5°C
Partial transition	Middle ground for level of carbon reductions Assumes all announced public policy levers are enacted Temperatures will exceed a 1.5°C increase
No transition	Essentially 'business as usual' Lowest level of public policy levers and / or implementation Temperature increases will be significant

Relevant timescales

Taking into account recommendations to ensure that timescales are flexible, more long-term than standard risk processes and align with recommended temperature pathways, we defined three timescales. These complement our existing sustainability, risk management and strategy processes, being aligned to our key planning timelines whilst also mapping out long-term to 2050.

Timescale	Years
Short	2025-30
Medium	2030-36
Long	2036-50

Climate related risks

Our current sustainability strategy manages and mitigates any short-term climate-related risks. As such, our overall analysis is that these risks are not yet business critical today with minimal actual impact, although require continued mitigating actions as climate impacts become more material. This approach is intended to ensure that the business is well prepared for key future risks in the medium to long term.

These key risks are shown in the tables below, according to the scenario under which they were identified and their related Risk Register 'Impact Category'. Under the three scenarios modelled above the business remains resilient.

These scenarios were last reviewed at Group level prior to separation. The business has not materially changed in the last year and therefore risks have not fundamentally changed. As part of the transition to an independent structure, Poundland will review, update, and report revised scenarios in FY26, reflecting the latest scientific evidence, global policy developments, and the Company's evolving strategic priorities.

Strategic report (continued)

Non-financial and sustainability information (continued)

Risk management (continued)

Climate related risks scenario (1/3)

Risks	Timescale	Potential impacts	Mitigating actions
Increased pricing of GHG emissions <i>Policy & Legal (Transition)</i> Orderly and Partial Transition	Medium/Long Related metrics and targets: Scope 1,2 and 3 emissions	Average carbon price of US\$60/tonne was applied to our operational carbon footprint. Scenario showed potential highest-level risk in the range of £2-5m pa. This level of financial risk is classed as most 'serious in this scenario.	Existing activity Our sustainability plan aims to cut our operational carbon footprint by 50%, thereby significantly lowering our carbon tax obligations. Enhanced energy efficiency through the implementation of energy-saving equipment in our operations (such as LED lighting, refrigerator doors, upgraded air conditioning, transitioning to biodiesel in logistics, rolling out Building Management System (BMS) deploying telematics, replacing LPG forklifts with electric ones, introducing compressed natural gas (CNG) tractors, and utilising Longer semi-trailers (LST) for deliveries to our ROI/NI operations). Planned actions Accelerate our carbon reduction activity over time, including extension into value chain.
Mandates on & regulation of existing products & services <i>Policy & Legal (Transition)</i> Orderly Transition	Medium/Long	Regulation is emerging in this space, such as plastic packaging taxes, product footprint labelling laws, extended producer responsibility, green claims, anti-deforestation, etc that will likely increase in the medium-long term, particularly in this scenario. This would lead to increased compliance costs, need for operational changes and potential fines. Extended Producer Responsibility (EPR) fees will be implemented in the UK from October 2025. Additionally, it is anticipated that a similar EPR scheme for textiles will be introduced before 2030. Furthermore, the introduction of a carbon pricing mechanism may result in higher costs for products that generate significant greenhouse gas emissions. This could negatively impact profits due to taxes imposed on Poundland or taxes that suppliers pass on to Poundland through increased product pricing.	Existing activity Our sustainability strategy includes goals to sell more sustainable products, send zero waste to landfill & transition to better packaging. We monitor regulations closely and have developed an internal policy tracker to monitor relevant climate related legislation in all operating jurisdictions Actively monitoring the development of the UK Carbon Border Adjustment Mechanism in preparation to assess and mitigate potential impact on both direct and pass-through cost. Engaging with industry groups and specialists and closely monitoring development of the Packaging EPR charging mechanism and rates. Our financial plans incorporate well-informed estimated costs. The EPR for textiles has not been fully modelled as the scheme is not currently proposed. Planned actions Our partnership with FMCG brands means that we can access their latest products with a reduced climate impact. In line with our sustainability strategy, we intend to continue to develop own brand products with more sustainable attributes that will reduce the impact of future mandates & regulation. Monitoring extension to other categories beyond textiles for EPR

Strategic report (continued)

Non-financial and sustainability information (continued)

Risk management (continued)

Climate related risks scenarios (1/3) (continued)

Substitution of existing products & services with lower emissions options <i>Technology (Transition)</i> Orderly Transition	Long	We expect lower demand for less sustainable products & services and so a need for new product development and substitutions to existing product assortments in the longer term.	Existing activity Activity is underway to develop new sustainable product attributes with a view to choice edit product ranges. Planned actions Deepen partnerships with FMCG suppliers and build on the existing sustainability strategy goal to sell more sustainable & healthy products. Working with suppliers to improve emissions reporting and product redesign
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Climate related risks scenarios (2/3)

Risks	Timescale	Potential impacts	Mitigating actions
Costs to transition to lower emissions technology <i>Technology (Transition)</i> Orderly transition	Medium	Increased cost of transition to lower emissions technology in the medium term and reduced potential for differentiation. Potential for estate to be burdened with out-of-date technologies, particularly in this scenario.	Existing activity Our sustainability strategy includes three specific goals to transition key carbon emitting operational areas to lower emissions technology. Roll out BMS across entire estate Planned actions Deliver sustainability goals related to energy efficiency and low carbon technologies. Trial alternative transportation fuels for distribution whilst maintaining existing mitigation actions.
Changing customer behaviour <i>Market (Transition)</i> Orderly and Partial Transition	Medium/Long	Customers shift their spending away from carbon-intensive or wasteful products. Potential for loss of revenue and customer loyalty due to perception that we are less sustainable than alternative retailers, particularly in this scenario.	Existing activity Current strategic approach includes a focus on better understanding customer demands and to ramp up engagements with suppliers on development and sale of more sustainable & healthy products. Planned actions Build on current value chain activity to ensure our product assortment remains 'Amazing Value' and continues to become a greener choice over time. Our new sustainable product attributes will drive new product development in own brand products and our close partnership with FMCG suppliers means we can respond rapidly to changing preferences.

Strategic report (continued)

Non-financial and sustainability information (continued)

Risk management (continued)

Climate related risks scenarios continued (2/3) (continued)

Increased cost of raw materials <i>Market (Transition)</i> Orderly, Partial and No Transition	Medium	Along with other retailers, this risk has already been experienced through the recent 'cost of living' crisis, and others due to carbon pricing and climate related production constraints. The ability to pass on further cost increases may be limited over time.	Existing activity Energy efficiency, sustainable distribution and development of more sustainable and healthy products is laying the groundwork for further mitigation activity. Planned actions Accelerate energy efficiency measures, less use of fossil fuels and explore self-generation of electricity to minimise key impacts. Further activity is required with own brand suppliers by leveraging our unique sourcing model. FMCG suppliers are a lower risk due to their existing sustainability strategies. Collaborate with manufacturers to redesign high volume products for resource efficiency – moving to lightweight packaging and modular parts Partner with key suppliers to gain insight into climate and regulatory risks that impact inputs, enabling us to be more prepared and start planning.
Shifts in consumer preferences <i>Reputation (Transition)</i> Orderly, Partial and No Transition	Long	Customers already expect their retailers to take action on their behalf and this is likely to increase, particularly in this scenario.	Existing activity We have aligned our sustainability activity with 'Amazing Value' to democratise the benefits of a transition to a low carbon future. Planned actions Continue development of our sustainability customer insight activity to further clarify reputational impacts of this risk. This will allow us to minimise risk and maximise opportunities from shifts in consumer preferences. Working with our supply chain to gather actual product data in order to build a roadmap for reduction

Climate related risks scenarios continued (3/3)

Risks	Timescale	Potential Impacts	Mitigating actions
Changes in precipitation patterns & extreme variability in weather patterns <i>Chronic (Physical)</i> Partial Transition	Long	Key focus was precipitation in the UK that could affect both products and operations. Risk of additional costs with store and depot operations through the need to adapt. Value chain impacts will be mostly felt in food products sourced from the UK.	Existing activity Our carbon reduction targets lower our operational GHG emissions. Store impacts are reduced by our ability to move locations without incurring significant costs, subject to lease length. Planned actions Accelerate and build off existing operational carbon reduction activity. Extend focus into our value chain to address scope 3 emissions, over time.

Strategic report (continued)

Non-financial and sustainability information (continued)

Risk management (continued)

Climate related risks scenario (3/3) (continued)

Increased severity of extreme weather events such as cyclones & floods <i>Acute (Physical)</i> No transition	Long	Analysis was carried out on UK flooding, noting the lack of scientific consensus over longer timescales. Potential for multiple impacts across our operational and value chain assets, including for our colleagues.	Existing activity Our current sustainability strategy targets significant operational carbon reductions to lower our GHG emissions. Planned actions Continue to reduce operational carbon emissions and extend into our value chain. Carry out risk assessments to better understand the impact of extreme weather on our key infrastructure and on our value chain.
Changes in precipitation patterns & extreme variability in weather patterns <i>Chronic (Physical)</i> No transition	Medium/ Long	Key focus for this modelling was precipitation in the UK that could affect both products and operations. Risk of additional costs with store and depot operations through the need to adapt. Value chain impacts will be mostly felt in food products sourced from the UK. Our modelling took a middle ground to balance operational and value chain impacts.	Existing activity Our carbon reduction targets lower our operational GHG emissions. Store impacts are reduced by our ability to move locations without incurring significant costs. Depots subject to lease length. Planned actions Accelerate and build off existing operational carbon reduction activity. Extend focus into our value chain to address scope 3 emissions, over time.

Climate related opportunities

Analysis identified the same potential opportunities across all scenarios. As such, they are amalgamated into one table below. These opportunities apply in the short-medium term and will be further explored and developed by the Sustainability Team, as appropriate.

Opportunities	Timescale	Potential of opportunity	Maximising opportunities
Use of more efficient modes of transport Resource efficiency	Short	Using the 'lens' of sustainability helps us to identify and unlock efficiency benefits that both reduce the cost to operate and our carbon emissions.	Our sustainable travel policy promotes reduced travel among colleagues, leading to cost savings, and encourages more efficient travel methods to decrease carbon emissions. Logistics has invested heavily in technology, including longer and double-deck trailers, as well as telematics that enable real-time monitoring of fuel efficiency, driver behaviour, and vehicle performance, along with other essential metrics aimed at enhancing safety, minimising emissions, optimising routes, cutting costs, and improving overall operational efficiency.
Use of lower emission sources of energy Energy source	Short	Potential for higher carbon prices would increase operating costs with further risk of reputational damage. Conversely, moving to more efficient fleet provides a key opportunity, that can be maximised if taken early on.	Our fleet of 100% BEV (Battery Electric Vehicle) Company cars has already led to a decrease in cost of fuel cards, we have also introduced EV charging points across our Head office and DCs to support in this transition. Additionally, our initiatives aimed at reducing carbon emissions in logistics are expected to deliver significant environmental benefits as we grow our Compressed Natural Gas (CNG) fleet. The logistics industry presents a crucial opportunity for further decarbonisation through the use of alternative fuels, which will help to lower operating costs even more in the future.

Strategic report (continued)

Non-financial and sustainability information (continued)

Climate related opportunities (continued)

Participation in renewable energy programs & adoption of energy efficiency measures	Short/ Medium	Energy efficiency and a greater percentage of renewable energy is key to the resilience of both UK businesses and consumers. Supporting renewable energy schemes and investing in efficiency measures is both good for business and for our customers. It also has the potential to allow us to continue to operate in a more challenging future.	Increasing our support into funding renewable energy schemes will help us to both further increase our resilience and that of the UK energy sector. Reducing waste is in our DNA, which includes transitioning to LED lighting and implementing Building Management Systems (BMS). We are also focused on real-time energy monitoring to optimize energy consumption and performing energy audits across our facilities to uncover potential savings.
Resilience			

Metrics and targets

Carbon emissions across our value chain

<i>tCO2e</i>	FY24	FY25
Total Scope 1 carbon emissions	15,909	12,088
Total Scope 2 carbon emissions (market based)	1,716	576
Total Scope 3 carbon emissions	401,266	380,297
Total Scope 1 , 2 and 3 carbon emissions	418,891	392,961
Intensity metric		
<i>tCO2e</i> / £m turnover	230.40	246.55

Scope 1 carbon emissions

<i>tCO2e</i>	FY24	FY25
Total road vehicle fuel (diesel, petrol & CNG)	13,689	11,482
Total natural gas	675	333
Total refrigerant gases from A/C & chillers	1,545	272
Total Scope 1 carbon emissions	15,909	12,088

Scope 2 carbon emissions

<i>tCO2e</i>	FY24	FY25
Total Scope 2 carbon emissions from purchased electricity (market based)	1,716	576.1
Total Scope 2 carbon emissions from purchased electricity (location based)	21,341	18,958

Scope 3 carbon emissions

<i>tCO2e</i>	FY24	FY25
1 - Purchased goods & services	371,236	356,489
2 - Capital goods	606	133.6
3 - Fuel & energy related emissions not included in Scopes 1 & 2	10,590	9,461
4 - Upstream transportation & distribution	17,702	13,644
5 - Waste generated in operations	641	263
6 - Business travel	491	306
7 - Employee commuting		N/A

Strategic report (continued)

Non-financial and sustainability information (continued)

Metrics and targets (continued)

8 - Upstream leased assets	N/A
9 - Downstream transportation & distribution	N/A
10 - Processing of sold products	N/A
11 - Use of sold products	N/A
12 - End-of-life treatment of sold products	N/A
13 - Downstream leased assets	N/A
14 - Franchises	N/A
15 - Investments	N/A
Total Scope 3 carbon emissions	401,266 380,297

Streamlined Energy & Carbon Reporting (SECR)

	FY24	FY25
Scope 1 Energy consumption (MWh) - natural gas	3,329	1,643
Scope 1 Energy consumption (MWh) - road transport fuels	64,871	61,127
Scope 2 Energy Consumption (MWh) - purchased electricity	99,754	89,001
Total Energy consumption (MWh)	167,954	151,772

Notes

Leased assets, franchises, investments and downstream transportation are excluded from Poundland's organisational boundary due to no work in these areas.

Employee commuting, processing of sold products, use of sold products and end-of-life treatment of sold products are not currently included within Poundland's organisational boundary but will be included in the FY26 strategy.

Energy and emissions were calculated using available scope 1, scope 2 and scope 3 data. Emissions were calculated using recommended conversion factors. Due to our investment in renewable energy our scope 2 emissions are calculated as market based. Data includes ROI.

Fuel transport emissions have decreased during the year due to reduced diesel consumption in HGV's and passenger cars as a result of investment in CNG HGV's and EV passenger cars.

Gas combustion decreased during the year due to Wilko store disposals.

Electricity MWh decreased due to net decrease in store portfolio. Carbon emissions have gone down due to the Company moving some stores over to the renewable energy contract.

Fugitive emissions have decreased in carbon emissions due to store closures.

As this is our first full year of Scope 3 reporting, the focus has been on data accuracy. The majority of our Scope 3 carbon emissions have been calculated using spend data. We will look to reduce this and move to include more activity data going forward.

Strategic report (continued)

S172(1) Statement & our Stakeholders

This section describes how the Board have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in relation to their decision making.

Our stakeholders

The Board recognises that to achieve its vision and purpose evaluating and considering the interests of its stakeholders are key to the Company's success. The Board considers that our key stakeholders are our customers, colleagues, suppliers and the communities where we operate.

The Board uses a number of methods through which it is able to determine and appraise the interests of stakeholders to inform discussion by the Board and its decision-making. This includes a range of activities from regular management reports through to other forms of direct engagement by members of the Board.

Having regard to the interests of the Company employees

Employee engagement

Our colleagues rely on us to provide employment and opportunities to realise their potential in a working environment where they can be at their best. This year the Company prioritised survival, seeking to provide a continued business operation. This meant that a number of colleagues had to leave to business, due to store closures or restructures across store management, distribution centres and the customer support centre.

We have a range of formal and informal channels in place across our business through which our workforce shares ideas and concerns with senior management. We prioritise workplace engagement in our businesses and seek to provide a positive workplace experience and environment where our employees can excel and have equal access to professional and personal development opportunities. Several initiatives are in place to maintain strong engagement with colleagues and other stakeholders. Thinktime is used as a source of information for colleagues on key policies, procedures and guidance notes, whilst Blink is used for colleagues to share information relating to their stores with the rest of the Company.

A range of communication mediums are employed across our businesses to keep our colleagues up to date and engaged, for example high-noon, quarterly roadshows, communication boards, emails, online newsletters, social media platforms, team meetings. We also get feedback from our colleagues through surveys.

Departmental 'colleague voice' meetings occur regularly during which employees who have been elected by colleagues meet with local management to discuss employee issues. Issues raised during these meetings are escalated to the Director of People and the wider board, where necessary and looped back to the employees during the subsequent weekly departmental meetings.

Board decision-making and stakeholder interests

The Board considers that, taken together, these arrangements deliver an effective means of ensuring the Board stays alert to the views of the workforce. The Company has processes in place for whistleblowing and the Board is satisfied that colleagues have the opportunity to raise concerns about possible fraudulent activity and any other concerns that arise within the organisation. The Board is also satisfied that arrangements are in place for proportionate investigation of such matters, including appropriate follow-up action. Controls and procedures are also in place regarding compliance with the Bribery Act 2010.

Having regard to the need to foster the Company business relationships with customers, suppliers and others

Customers

Engagement

Understanding the needs of our customer informs every aspect of our business strategy, and customer footfall and transaction growth are key metrics against which we measure our success as a business.

The Directors regularly visit our stores to observe and receive feedback from customers directly, as well as receiving feedback from store colleagues and management with respect to customer views, trends and behaviour. We have worked to improve our customers' in-store experience by transforming the value we offer, improving our product availability and making the checkout experience more favourable.

Board decision-making and stakeholder interests

The Directors provide updates to the Board on their perceptions of customer sentiment and a broader market view. Customer feedback drives our buying strategy, the development of our in-store proposition, the location and format of our stores and decisions to invest in new markets. The Board also reviews market insight collated by our customer insight team and also external retail strategy consultants.

Strategic report (continued)

S172(1) Statement & our Stakeholders (continued)

Having regard to the need to foster the Company business relationships with customers, suppliers and others (continued)

Suppliers

Engagement

The support from our suppliers cannot be underestimated in the broader scheme of the Company's turnaround plan. We have engaged with our supply base multiple times during the last 12 months, to keep them informed on what the Company is doing, why, how and where we need their support. Feedback from those sessions, which have been held at the customer support centre, has been hugely positive. Many of the directors continue to hold regular calls with key leadership members of the supplier base. Retaining full support from the suppliers is key to the success of the turnaround.

Having regard to the impact of the Company operations on the community and the environment

Engagement

Communities and the wider public expect us to act as a responsible company and neighbour, and to minimise any adverse impact we might have on local communities and the environment. Whilst we now serve c20% less communities than we did in the prior year we are still serving over 600 communities and are committed to contributing to those in which we serve. We do this by providing clean and safe stores, developing an ethical supply chain and by directly giving back to our local communities.

Whilst we have stepped away from the Poundland Foundation to focus on day-to-day business operations we do still make regular donations on behalf of our customers to 3 main charity partners in the UK, namely Tommy's, Make a Wish and Whizz Kidz, and through our main charity partner in the ROI, Barretstown. Our customers contribute through the Pennies scheme in the UK, which allows micro-donations at the point of sale, and through fundraising activities in ROI. Since our partnerships began, we have supported more than 18,000 families, including people in each of the local communities served by our Poundland and Dealz stores.

Driving efficiency improvements is an integral element of the Group's strategy and we believe there is an important link between increasing efficiencies from a cost perspective and enhancing the long-term sustainability of our operations. By retaining price leadership through low-cost operations, our vision is to democratise sustainability for our customers by showing price is not a barrier to sustainable and ethically produced products.

Board decision-making and stakeholder interests

We have continued to develop our ESG Strategic Framework in 2025. The Company's strategy was aligned to the wider Pepco Group, up until the point of the transaction in June 2025, but we remain focussed on ESG. See the Climate Related Financial Disclosures report section of this strategic report for more information on updated governance, strategy, targets and risk management.

Strategic report (continued)

Ethical trading and responsible sourcing

The Company's management team exercises oversight over the Company approach to ethical trading and responsible sourcing and reports to the Board on topics as appropriate. We are committed to embedding practices of ethical trading and responsible sourcing across our business and the Board has developed a clear and actionable sustainability agenda and actively monitors its supply chain to ensure ethical trading.

We require our suppliers to adhere to our Supplier Ethical Code of Conduct and we have implemented compliance guidelines to ensure that suppliers comply with our standards of ethical business practice. We give training to our suppliers on issues of ethics and sustainability and conduct assurance checks on suppliers through supplier visits, meetings and presentations and factory visits with both existing and new suppliers.

Future developments

The Company will continue to build on the new simpler strategy that was put in place during 2025. Having seen real success and double-digit volume growth already on FMCG, we aim to land a similar level of success on GM and Clothing in 2026. We will continue to focus on the cost base, as we face significant inflationary cost increases on product purchases, shipping costs, colleague costs and utility costs. We will continue to monitor the profitability of our store estate, close any loss-making or underperforming stores that do not recover fully.

Approval

Approved by the Board and signed on its behalf:



M Jackson
Director

Midland Road
Walsall
WS1 3TX
12 August 2026

Directors' report

The directors present their annual report and the audited financial statements for 52-week period ended 28 September 2025 (2024: 52 weeks ended 29 September 2024).

The Company is a private company limited by shares and is registered in England and Wales.

Existence of branches outside the UK

The Company has branches outside the UK in the Republic of Ireland and the Isle of Man, as defined in section 1046(3) of the Companies Act 2006.

Going concern

At the time of signing the financial statements, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the foreseeable future, which is considered to be the period through to the end of FY27. In doing so the Directors have considered reasonable downside sensitivities including assessing the wider macro-economic environment on the going concern position and the availability of liquidity from the Company's facilities (details of which are given in note 17 to the financial statements).

As noted in the Strategic Report, the sale of the business during FY25 has been a reset moment for the Company. A return to our core value proposition and simpler trading operation is showing significant year on year improvements after a difficult FY25. The Directors are confident in the trajectory of the Company and the long-term recovery plan put in place last year. Performance during FY26 is tracking in line with this plan with further actions expected to continue to show benefits into FY27 and beyond, placing the Company well in a challenging retail market. The Company has recorded a significant loss during the period and has net liabilities and net current liabilities at the balance sheet date.

In assessing the going concern basis, the Directors have considered the long-term business plan, current trading performance, principal business risks and uncertainties, macro-economic conditions and availability of liquidity from its facilities over the forecast period.

Specifically, the Directors have considered potential downside performance in L4L sales and gross margin across the forecast period, which shows sufficient headroom in the lending facilities in a reasonable downside scenario, with no sales growth or margin improvement. It would require a severe adverse performance in one or both of those (10% sales miss or 2.3% margin deterioration) before further funding was required. Additionally reasonable cost inflation for non-product costs has been assumed with continuing actions to mitigate increases providing opportunities for upside potential.

The Company prepares detailed cash forecasts on a regular basis to anticipate and manage future funding requirements from lending facilities, extending for a period of at least 12 months from the date of approval of these financial statements. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company is able to operate within the level of its current facilities.

The asset-based lending facility from GBH and facility agreement with Pepco are committed until August 2028 and September 2030 respectively. The £30m Term Facility with GBH is in place until 29 August 2027 and therefore the Directors highlight that further funding is to be secured within the next 13 months to replace this facility. In the scenario where funding is not raised, the available cash reserves may be exhausted at that time. The Directors are confident in the Company's ability to secure the replacement funding necessary to progress its strategy and realise the value of its assets, and therefore the financial statements have been prepared on a going concern basis. However, it cannot be absolutely guaranteed that funding will be successfully raised. There is therefore a risk that the Company will not have sufficient financial resources beyond 29 August 2027 and therefore there exists a material uncertainty that may cast doubt over the ability of the Company to continue as a going concern beyond that date.

The directors plan to commence a refinancing in the early part of 2027.

Consequently, the Directors believe that the Company is well placed to manage its business risks successfully and thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic report.

Financial risk management objectives and policies

The Company has a formal process for reviewing and managing risk in the business. A register of strategic and operational risks is maintained and reviewed by the directors who also monitor the status of agreed actions to mitigate key risks.

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks in cash flow variations due to availability of funding and intra-week fluctuations. The Company has started to use hedging to mitigate some of the risk associated with foreign exchange rates.

Directors' report (continued)

Credit risk

The Company's principal financial assets are bank balances, cash and intercompany receivables.

Liquidity risk

The Company has 3 sources of financing available to it. A long term secured loan of £30m from Pepco Group; an asset-based lending facility in place with GBH up to £95m; and a facility agreement with Pepco Group worth £30m. Subsequent to the year end the facility agreement has been replaced with a term facility from GBH for the same value. These facilities enable it to meet the cash demands of the current business plan and its commitments as they fall due.

Dividends

The directors do not propose a final dividend. In the prior period no dividends were paid.

Directors

The directors who held office during the period, except as noted, were as follows:

B Williams	(Resigned 31 October 2024, reappointed 22 nd January 2025)
M Jackson	(Appointed 21 st March 2025)
T Goalen	(Resigned 22 nd January 2025)
A Cooke	(Resigned 27 th January 2025)
S Borchert	(Resigned 22 nd January 2025)
B Jenner	(Resigned 22 nd September 2025)
N Galloway	(Resigned 22 nd January 2025)

All the changes in the directors after the year end are reflected above.

Director indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Events subsequent to the reporting date

Subsequent to the year end the existing £30m overdraft facility with Pepco Group has been replaced by a £30m term facility with GBH which runs to 29 August 2027.

Policy and practice on payment of creditors

Provided that a supplier is complying with the relevant terms and conditions, including prompt and complete submission of all specified documentation, payment will continue to be made on the same basis as in previous periods. Company policy is to ensure that suppliers know the terms on which payments will take place at the time of entering into a transaction.

Environmental policy

All the other information on the Company's environmental initiatives can be found on our strategic report on page 5, where you will find environmental reports, policies and other information, which is incorporated into this Directors' report by reference.

Directors' report (continued)

Employees

The Company is committed to the ongoing training and development of all colleagues to ensure they have the right skills to perform their jobs and create the right development to ensure equality of opportunity for all.

The Company is an equal opportunities employer and makes every effort to ensure disabled people are not discriminated against on the grounds of their disabilities. In the event of employees becoming disabled, every effort is made to ensure that their employment continues and that appropriate training is arranged.

All employees are rewarded with long service awards in five-year intervals. Success is recognised and managed through various initiatives in the business. Employees are rewarded for meeting objectives that impact overall business performance and show evidence of living the Company values via the annual bonus scheme.

Employees are kept informed regarding the Company's affairs and are consulted on a regular basis through meetings wherever feasible and appropriate. Employees are represented at the biannual JCC meetings held between the Company and its union (USDAW). The Company also operates a whistleblowing policy which allows colleagues to raise any concerns in confidence.

Business Relationships

Information on business relationships is included within the S172(1) report.

Company Corporate Governance Report

For the period ended 28th September 2025, under the Companies (Miscellaneous Reporting) Regulations 2018, the Board has reviewed the Company's Corporate Governance status against the Wates Corporate Governance Principles for Large Private Companies, published by the Financial Reporting Council (FRC) in December 2018.

The Board believes that good Corporate Governance principles are an important means of determining a process of integrity and efficiency in the Company and the wider community in which the Company operates, as well as providing a sound framework within which the business both operates and makes key decisions. While recognising that there is an ongoing need to make improvements in Corporate Governance, the Board consider that the Company is adhering to the Wates Principles in an appropriate way.

Purpose and Leadership

The long-term strategy and direction of the Company is determined by the Poundland Leadership Team in agreement with GBH. The Leadership Team consists of the CEO and CFO, along with senior management personnel from each of the key departments including Commercial, Retail, Supply Chain & Logistics, People, Property, Finance and IT. The Company's strategy is to create amazing value for its customers every day, through price leadership, great availability and simple execution, and this is underpinned by a series of Leadership Principles in which the Leadership Team have been trained and engaged in their development.

The purpose of the business is clearly defined through three value drivers, 'customer focused', 'people led' and 'tech enabled' and these have been present in colleague communications as well as quarterly roadshows to communicate and embed them in the culture of the organisation.

Board Composition

The Board under the new simpler way of operating comprises the CEO and CFO. The Board bring a wealth of experience from backgrounds in Executive roles in Retail, including clothing, discount retail and large supermarket chains. The broader leadership team, which includes leaders from Retail, Commercial, Supply Chain & Logistics, Finance, People, Property and IT are brought to the table each week and month.

The chairmanship of the Company's governance Committees has been determined by relevant Directors' experiences, with the Board of Directors chaired by the CEO, Assurance and Risk Committee by the Finance Director, Health and Product Safety Committee by the CEO, and Data Governance Committee by the CFO. The Board strives to continuously build upon and improve the professional development of its members through attendance of relevant seminars and on-going professional development courses.

Director Responsibilities

The Leadership Team receives regular reports on business and financial performance, trading summaries and management of key business risks along with updates on the activities and decisions of its committees. Board Members also actively attend Governance Committees as part of the governance framework, and the purpose of those Committees is provided below. The Operating Board receive regular specific training and updates from SMEs in legal, compliance and internal audit.

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 the decision making relating to the subject matter of the 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. There were no material transactions which gave rise to conflicts of interest with any Board members reported during the reporting period.

Directors' report (continued)

Company Corporate Governance Report (continued)

Risk Management

The Leadership Team seeks out opportunity while mitigating risk. Long-term strategic opportunities are highlighted in the annual business planning process presented to the Board and subsequently agreed with GBH. The Assurance and Risk Committee ensures that risks are identified and managed appropriately and in a timely manner.

All Leadership Team members have been engaged in a formal risk management process whereby they identify and consider risks relating to their area, as well as identifying actions to mitigate risks identified. These are discussed in annual Board risk workshops to update the Corporate Risk Register against a defined risk scoring criterion.

Remuneration, Succession and Performance

The Remuneration Committee is responsible for making recommendations to the Board concerning the Company's strategy for remuneration of all employees including executive and senior management to ensure that pay is aligned with performance. This committee did not meet in FY25, with the changes in ownership, and the committee meets on an ad hoc basis. A formal Personal Performance Review process was undertaken with all colleagues at year-end, whilst the business undertakes bi-annual Talent Reviews with all senior management to assess composition and succession across the business.

Stakeholder Relationships and Engagement

Several initiatives are in place to maintain strong engagement with colleagues and other stakeholders. Thinktime is used as a source of information for colleagues on key policies, procedures and guidance notes.

GBH are kept informed of the Company's activities through the attendance of their representatives at monthly Board meetings and through periodic reporting of financial performance.

Overview of the Purpose of Governance Committees

Trading Board

The Poundland Trading Board is a weekly meeting and includes a review on the key areas of focus across Commercial, Supply Chain and Retail. The Trading Board is responsible for setting strategic priorities for the business, with proactive oversight of all business operations. The Trading Board oversees and assesses business performance, and the resources and capabilities required to deliver its objectives and targets.

Remuneration Committee

The Poundland Remuneration Committee meet on an ad hoc basis to set the rewards, remuneration and benefits strategy in the context of Company policy. The Committee also oversee senior appointments and review talent and succession coverage. The Committee is chaired by the CEO.

Assurance and Risk Committee

The Assurance and Risk Committee, chaired by the Finance Director, meets quarterly shortly after each quarter end. The Committee provides a structured oversight of the business's governance, risk management and internal control practices. The Committee assists the Board and Leadership Team by providing advice and guidance on the adequacy of programmes of work relating to risk management, internal control frameworks, oversight of internal audit activities, external audit activity and other assurance work, and to discuss financial statements and accounting responsibilities.

Data Governance Committee

The Data Governance Committee meets quarterly shortly after each quarter end. It is chaired by the CFO. The Committee provides an oversight of risk management in relation to information created and processed within the Company. The Committee considers risks to confidentiality, integrity and availability of information, and the appropriate workstreams and actions in place to mitigate them.

Health and Product Safety Committee

The Health and Product Safety Committee is a sub-Committee of the Assurance and Risk Committee. It meets on a Quarterly basis and is chaired by the CEO. The Health and Product Safety Committee provides oversight of Health and Safety matters in Retail and Distribution, including accidents and mandatory inspection, as well as over Quality Assurance processes for product safety.

Directors' report (continued)

Company Corporate Governance Report (continued)

Overview of the Purpose of Governance Committees (continued)

Serious Incident Committee (SIC)

The Serious Incident Committee acts as a sub-committee of the Assurance and Risk Committee. It acts on an ad hoc basis to respond to serious incidents as part of the Company's crisis management and business continuity response process. An SIC would normally be called for urgent attendance by Company senior leadership in order to deliver an effective and speedy response to contain and quickly manage an incident.

Strategic report

Information on principal activity and business review, principal risks and uncertainties, results and dividends, is included within the Strategic report with Future developments of the business discussed on page 16. Information on the Company's energy and carbon report is included within the strategic report on page 5.

Approved by the Board and signed on its behalf by:



M Jackson
Director

Midland Road

Walsall
West Midlands
WS1 3TX
12 August 2026

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 101 Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Poundland Limited

Opinion

We have audited the financial statements of Poundland Limited (the 'company') for the period ended 28 September 2025 which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 September 2025 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty in relation to going concern

We draw attention to Note 1.2 of the financial statements which explains that the £30m Term Facility with GBH (the ultimate parent and controlling company) expires on 29 August 2027 and that further refinancing is required to be secured within the next 13 months to replace this facility. The Directors have identified a material uncertainty over the ability of the Company to extend or refinance this loan prior to its expiry that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included, but was not limited to:

- Undertaking an initial assessment at the planning stage of the audit;
- Obtaining management's formal going concern assessment and the supporting cash flow projections;
- Reviewing the mathematical accuracy of the projections;
- Challenging the appropriateness of key assumptions in the cash flow projections, by reviewing supporting and contradictory evidence in relation to the key assumptions and assessing the consideration of severe but plausible downside scenarios;
- Reviewing the stress test sensitivities performed by management;
- Performing our own sensitivities around the key assumptions in the forecast;
- Reviewing the post-year-end performance of the company and comparing this to budgeted figures;
- Reviewing the projected headroom within the available facilities;
- Confirming the terms and availability of loans and facilities utilised in the cash flow projections to supporting documentation; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Independent auditor's report to the members of Poundland Limited (continued)

Material uncertainty in relation to going concern (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of Poundland Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, Pensions Act, Bribery Act and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular Right of Use Asset and PPE Impairment assessments, and Inventory provisions, revenue recognition (which we pinpointed to the occurrence and accuracy assertions), and significant one-off or unusual transactions

Independent auditor's report to the members of Poundland Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed by:

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Thomas Cooke (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
United Kingdom

Date: 12 August 2026

Income statement
for the 52 weeks ended 28 September 2025

		52 weeks ended 28 September 2025			52 weeks ended 29 September 2024 Restated		
		Underlying	Non underlying items (note 4)	Total 2025	Underlying	Non underlying items (note 4)	Total 2024
	Note	£000	£000	£000	£000	£000	£000
Revenue	2	1,549,073	-	1,549,073	1,757,021	-	1,757,021
Cost of sales		(1,062,087)	-	(1,062,087)	(1,100,626)	-	(1,100,626)
Gross profit		486,986	-	486,986	656,395	-	656,395
Administration expenses		(578,216)	(48,506)	(626,722)	(665,333)	(5,174)	(670,507)
Impairment	4	-	(166,283)	(166,283)	-	(10,190)	(10,190)
Loan cancellation	4	-	251,869	251,869	-	-	-
Other operating income		4,164	-	4,164	6,576	-	6,576
Operating loss	3	(87,066)	37,080	(49,986)	(2,362)	(15,364)	(17,726)
Gain arising on sale of intangible assets	4	-	10,000	10,000	-	-	-
Loss arising on sale of fixed assets	4	-	(12,159)	(12,159)	-	-	-
Loss before financing and taxation		(87,066)	34,921	(52,145)	(2,362)	(15,364)	(17,726)
Finance income	5	1,646	-	1,646	1,527	-	1,527
Finance expense	6	(34,722)	-	(34,722)	(29,184)	-	(29,184)
Loss before taxation		(120,142)	34,921	(85,221)	(30,019)	(15,364)	(45,383)
Taxation	10	(35,269)	-	(35,269)	(11,651)	-	(11,651)
Loss for the period		(155,411)	34,921	(120,490)	(41,670)	(15,364)	(57,034)

The notes on pages 31 to 65 form part of these financial statements.

The Income Statement has been prepared on the basis that all operations are continuing operations in the current and prior period.

Statement of other comprehensive income
for the 52 weeks ended 28 September 2025

	52 weeks ended 28 September 2025 £000	52 weeks ended 29 September 2024 Restated £000
Loss for the period	(120,490)	(57,034)
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences - foreign operations	(440)	130
Effective portion of changes in fair value of cash flow hedges	(1,625)	655
Net change in fair value of cash flow hedges reclassified to profit or loss	2,481	(6,161)
Income tax on items that are or may be reclassified subsequently to profit or loss	-	1,377
Other comprehensive income / (loss) for the period, net of income tax	416	(3,999)
Total comprehensive loss for the period	(120,074)	(61,033)

The notes on pages 31 to 65 form part of these financial statements.

Statement of financial position

At 28 September 2025

		28 September 2025	29 September 2024	01 October 2023
	Note	£000	Restated £000	Restated £000
Non-current assets				
Property, plant and equipment	11	196,451	399,382	409,126
Intangibles and goodwill	12	1,789	95,022	93,255
Investments in subsidiaries	13	-	5,185	5,185
Derivative financial instruments	19	-	153	1,644
Deferred tax asset	18	-	36,040	49,434
		198,240	535,782	558,644
Current assets				
Inventories	14	164,922	230,375	217,333
Trade and other receivables	15	58,085	131,968	136,004
Derivative financial instruments	19	-	2,704	6,190
Cash and cash equivalents		30,636	46,720	41,864
		253,643	411,767	401,391
Total assets		451,883	947,549	960,035
Current liabilities				
Trade and other payables	16	(255,270)	(385,499)	(416,915)
Lease liabilities	23	(38,890)	(64,111)	(73,096)
Derivative financial instruments	19	-	(5,115)	(4,153)
Provisions	20	(185)	(2,927)	(11)
		(294,345)	(457,652)	(494,175)
Non-current liabilities				
Loans from parent undertaking	17	(47,164)	(207,666)	(108,376)
Loans from related party undertaking	17	(30,931)	-	-
Accruals		(233)	(371)	-
Derivative financial instruments	19	-	(223)	-
Lease liabilities	23	(166,056)	(248,930)	(255,804)
Provisions	20	(3,335)	(2,814)	(10,990)
		(247,719)	(460,004)	(375,170)
Total liabilities		(542,064)	(917,655)	(869,345)
Net (liabilities) / assets		(90,181)	29,893	90,690
Equity attributable to equity holders of the parent				
Share capital	21	-	-	-
Capital contribution reserve	1.26	9,518	13,078	12,842
Translation reserve	1.20	(4,058)	(3,618)	(3,748)
Cash flow hedge reserve	1.19	-	(856)	3,273
Retained earnings	1.25	(95,641)	21,289	78,323
Total shareholders' equity		(90,181)	29,893	90,690

The notes on pages 31 to 65 form part of these financial statements.

These financial statements were approved by the board of directors on 12 August 2026 and were signed on its behalf by:



M Jackson
Director

Registered number: 2495645

Statement of changes in equity
for the 52 weeks ended 28 September 2025

	Share capital	Capital contribution reserve	Translation reserve	Cash flow hedge reserve	Retained earnings	Total shareholders' equity
	£000	£000	£000	£000	£000	£000
Balance at 2 October 2023 as previously stated Prior year adjustment (note 26)	-	12,842	(3,748)	3,273	144,113 (65,790)	156,480 (65,790)
Balance at 2 October 2023 (Restated)	-	12,842	(3,748)	3,273	78,323	90,690
Total comprehensive income for the period						
Loss for period (Restated)	-	-	-	-	(57,034)	(57,034)
Other comprehensive income/(loss)	-	-	130	(4,129)	-	(3,999)
Total comprehensive loss for the period	-	-	130	(4,129)	(57,034)	(61,033)
Group shared based payment plan (note 22)	-	236	-	-	-	236
Balance at 29 September 2024 (Restated)	-	13,078	(3,618)	(856)	21,289	29,893
Balance at 30 September 2024 (Restated)		13,078	(3,618)	(856)	21,289	29,893
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(120,490)	(120,490)
Other comprehensive (loss)/income	-	-	(440)	856	-	416
Total comprehensive loss for the period	-	-	(440)	856	(120,490)	(120,074)
Group share based payment plan lapse (note 22)		(3,560)	-	-	3,560	-
Balance at 28 September 2025	-	9,518	(4,058)	-	(95,641)	(90,181)

The notes on pages 31 to 65 form part of these financial statements.

Notes to the financial statements

(forming part of the financial statements)

1 Significant accounting policies

Poundland Limited (the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom and is registered in England and Wales. The registered address for Poundland Limited is Midland Road, Walsall, United Kingdom WS1 3TX.

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements are presented in Sterling, which is the functional currency of the Company. The financial statements are rounded to the nearest thousand.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company is included within the consolidated financial statements of 1903 Peach Bidco Limited which are prepared under UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IAS 7 requirement to produce a Cash Flow Statement and related notes;
- IAS 1 requirement for full comparative period reconciliations for share capital;
- IAS 24 requirement in respect of disclosing remuneration of key management personnel; and
- IAS 24 requirement in respect of disclosures of transactions with group companies.

As the consolidated financial statements of 1903 Peach Bidco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis, except where adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments and acquisitions.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.2 Going concern

At the time of signing the financial statements, the Directors have a reasonable expectation that the Company has sufficient resources to continue in operation for the foreseeable future, which is considered to be the period through to the end of FY27. In doing so the Directors have considered reasonable downside sensitivities including assessing the wider macro-economic environment on the going concern position and the availability of liquidity from the Company's facilities (details of which are given in note 17 to the financial statements).

As noted in the Strategic Report, the sale of the business during FY25 has been a reset moment for the Company. A return to our core value proposition and simpler trading operation is showing significant year on year improvements after a difficult FY25. The Directors are confident in the trajectory of the Company and the long-term recovery plan put in place last year. Performance during FY26 is tracking in line with this plan with further actions expected to continue to show benefits into FY27 and beyond, placing the Company well in a challenging retail market. The Company has recorded a significant loss during the period and has net liabilities and net current liabilities at the balance sheet date.

In assessing the going concern basis, the Directors have considered the long-term business plan, current trading performance, principal business risks and uncertainties, macro-economic conditions and availability of liquidity from its facilities over the forecast period.

Specifically, the Directors have considered potential downside performance in L4L sales and gross margin across the forecast period, which shows sufficient headroom in the lending facilities in a reasonable downside scenario, with no sales growth or margin improvement. It would require a severe adverse performance in one or both of those (10% sales miss or 2.3% margin deterioration) before further funding was required. Additionally reasonable cost inflation for non-product costs has been assumed with continuing actions to mitigate increases providing opportunities for upside potential.

The Company prepares detailed cash forecasts on a regular basis to anticipate and manage future funding requirements from lending facilities, extending for a period of at least 12 months from the date of approval of these financial statements. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company is able to operate within the level of its current facilities.

The asset-based lending facility from GBH and facility agreement with Pepco are committed until August 2028 and September 2030 respectively. The £30m Term Facility with GBH is in place until 29 August 2027 and therefore the Directors highlight that further funding is to be secured within the next 13 months to replace this facility. In the scenario where funding is not raised, the available cash reserves may be exhausted at that time. The Directors are confident in the Company's ability to secure the replacement funding necessary to progress its strategy and realise the value of its assets, and therefore the financial statements have been prepared on a going concern basis. However, it cannot be absolutely guaranteed that funding will be successfully raised. There is therefore a risk that the Company will not have sufficient financial resources beyond 29 August 2027 and therefore there exists a material uncertainty that may cast doubt over the ability of the Company to continue as a going concern beyond that date.

The directors plan to commence a refinancing in the early part of 2027.

Consequently, the Directors believe that the Company is well placed to manage its business risks successfully and thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic report.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. 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 and accumulated in the translation reserve.

The assets and liabilities of foreign operations are translated into Pounds Sterling (£) at the closing exchange rates prevailing at the reporting date. Income and expenses are translated at the average exchange rates for the period. All resulting exchange differences are recognised in Other Comprehensive Income (OCI) and accumulated in the foreign currency translation reserve within equity.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and interest-bearing borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with a maturity of three months or less.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Trade and other payables arising from supply chain finance are recognised initially at fair value. Supply chain finance is a vehicle to pay overseas suppliers on different terms implemented during the year. The terms of the supply chain finance arrangement have no impact in the recognition or classification of the trade payables. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments (comprising foreign currency forward contracts and commodity hedges) are used to manage risks arising from changes in foreign currency exchange rates (relating to the purchase of overseas sourced products) and fuel price fluctuations. The Company does not hold or issue derivative financial instruments for speculative trading purposes. The Company uses the derivatives to hedge highly probable forecast transactions and, therefore, the instruments are 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.

At inception the Company documents the economic relationship between hedging instruments and hedged items, including whether the changes in the cashflows of the hedging instruments are expected to offset the cash flows of the hedged items. The Company documents its risk management objective and strategy for undertaking its hedged transactions.

The associated cumulative gain or loss is reclassified from the statement of changes 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.

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory) the deferred hedging gains and losses are included in the initial cost of the asset. The deferred amounts are ultimately recognised in the income statement since the hedged item affects the income statement (cost of sales).

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.

When forward contracts are used to hedge forecast transactions the Company generally designates only the changes in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contract are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract is recognised within the income statement.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.6 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. These losses are calculated with reference to the difference between contractual cash flows and cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

Trade receivables are based on the simplified approach in IFRS 9. Intercompany receivables are based on the general approach.

Non-financial assets

The carrying amounts of the Company's non-financial assets, such as ROU assets and investments in subsidiaries but 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 of disposal. 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"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). 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.

1.7 Investments

Shares in subsidiary undertakings are stated at cost less accumulated impairment losses under IAS 27, with impairment assessed under IAS 36 where indicators exist.

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:

Short leasehold property and improvements (less than 50 years)	- over the term of the lease
Fixtures and equipment	- 3 to 25 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Property plant and equipment includes Right Of Use assets (see note 1.16 for depreciation policy).

1.9 Intangible assets and goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.9 Intangible assets and goodwill (continued)

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

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value after accounting for obsolete and slow-moving inventory. The Company estimates a slow-moving inventory provision based on prior stock performance and current market conditions. The Company also writes off inventory which is deemed to be obsolete and unable to be sold. Cost is calculated on a weighted average basis. Inventory cost comprises all direct costs such as costs of purchase, costs of conversion and other costs incurred in bringing the inventories to the distribution centres of the Company.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company 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 payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, 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, 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 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 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.

1.12 Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, which 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.

1.13 Revenue

Revenue comprises the fair value of goods sold to external customers, 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 Company's policy to sell its products to customers with a right to return. 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 on-going basis.

1.14 Other operating income

Other operating income relates to management charges received from subsidiary undertakings. The income is recognised on an accruals basis.

1.15 Administration expenses

Administrative expenses include all running costs of the business, except those relating to inventories which are included in cost of sales, tax, interest and other comprehensive income.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.16 Lease accounting

IFRS 16 requires entities to apply a single lease accounting model, with lessees recognising right-of-use assets and lease liabilities on the balance sheet for all applicable leases except for certain short-term and low-value leases.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Lease liabilities are measured at the present value of the remaining lease payments that are not paid at the commencement date. The lease payments are discounted at the incremental borrowing rate of each lease as at the date of the commencement of the lease. Lease liabilities are subsequently measured at amortised cost, increased for interest charges and reduced for lease payments made. The Company additionally accounts for “holdover” (also called “perpetual” or “evergreen”) leases for which the initial contract term has expired but the contract terms have been maintained under the Landlord and Tenant Act 1954 which protects the ongoing continuation of the lease. Under this Act, even though the fixed term of the lease has ended, tenants of business premises have: the right to remain in occupation at the end of the contractual term of a lease; and the right to apply to court for the grant of a new lease. Reassessment of holdover lease is made at date of expiry of the original lease. Upon a new lease being agreed the transition from a “holdover” lease to a standard lease is recognised as a lease reassessment.

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company 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 (leases with a lease term of twelve months or less), leases of low-value assets (under \$5,000 as indicated by IFRS 16 Basis for conclusions issued by the IFRS Foundation). For these leases, the Company 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. Commencement date is defined as the date of the lease contract. The Company discount rate should be the rate implicit in the lease or the incremental borrowing rate if the rate implicit in the lease is not readily determinable.

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 Company 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.

The lease liability is presented as a separate line in the balance sheet, 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 cases 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.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.16 Lease accounting (continued)

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 less any lease incentives received and any initial direct costs. Commencement date is defined as the date of the lease contract. They are subsequently measured at cost less accumulated amortisation and impairment losses.

Where the Company 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.

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.

Lessor's capital contributions

Capital contributions are treated as a lease incentive if they enhance the value of the lessee's right of use asset. If the contribution enhances the value of the lessor's asset, then it is included in PPE to offset the initial capital expenditure incurred by the Company.

1.17 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. 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 period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date taking into account the recoverability of the deferred tax assets, future profitability and any restrictions on use. The Company considers available evidence to assess future profitability over a reasonably foreseeable time period and typically a minimum of four years.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

For the year ended 28 September 2025, Poundland Limited has no direct Pillar 2 filing requirements. Up until 11 June 2025, the Company formed part of the Pillar 2 Group of Pepco Group N.V.. The responsibility for any such filing obligations up to this date therefore sit with Pepco Group N.V.. With effect from 12 June 2025, following the acquisition by GBH, the earliest period from which the rules will apply going forward is the period ended September 2028. No further work at this stage has therefore been undertaken with regards the impact of Pillar 2 on the Group's tax position.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.18 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 instore sales activity.

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 Company 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.

The income received is recognised as a deduction from inventory.

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:

Trade payables – it is common practice for the Company to net income due from suppliers against amounts owing to that supplier. Any outstanding invoiced commercial income relating to these suppliers at the reporting date will be included within trade payables.

Trade receivables – where there is no practice of netting commercial income from amounts owed to the supplier, the Company 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 accrued income.

1.19 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.

1.20 Translation reserve

The translation reserve represents the cumulative translation differences for foreign operations.

1.21 Non-underlying items

Management exercises judgement in determining the adjustments to apply to IFRS measurements. Management believes these measures provide additional useful information to illustrate the underlying trends, performance and position of the Company. 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:

- Business restructuring programmes.
- Impairment of Goodwill, ROU Assets and PPE.
- Loan impairments and write offs.
- Gains and losses on disposal of intangibles and PPE.
- Costs associated with the sale of the business.

1.22 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 payable are recognised in the income statement as they accrue, using the effective interest method.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.23 Critical 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 other factors, including expectations of 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 within the next financial period are discussed below.

Impairment of intangible assets, ROU assets and PPE

The Company assesses whether there are any indicators of impairment as at the reporting date for all intangible assets, ROU assets and PPE. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial 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 (lease term for ROU Assets), projected long term growth rates and discount rates applied. See notes 11 and 12 for details.

For impairment of Goodwill the higher of the fair value less costs to sell and the value in use is deemed to be the recoverable amount.

Key judgements

The judgements that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below:

Inventory net realisable value (NRV) provisioning

Inventory is measured at the lower of cost and net realisable value. The cost of inventories comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Company applies a weighted average cost to calculate the inventory value. The assessment of the NRV provisioning required is based on the nature of the inventory and on its ageing and is calculated by applying different percentages to costs, based on historical data for utilisation. Consequently, and due to the materiality of inventory values, this introduces estimation uncertainty.

Leases

Management exercises judgement in determining the lease term on its lease contracts. Within its lease contracts 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 break options are not typically considered reasonably certain to 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.

Deferred tax assets

Management have exercised judgement in determining the recoverability of the deferred tax assets. In doing this management considers whether it is probable that future taxable profits will be available against which deferred tax assets can be utilised, which is evaluated over a reasonably foreseeable time period, typically a minimum of four years. Management considers tax law substantively enacted at the balance sheet date as well as the Company's future intentions to continue operations in its markets. Further information is set out in note 1.17.

Notes to the financial statements (continued)

1 Significant accounting policies (continued)

1.24 New standards and amendments

The following standards and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 29 September 2025 or later periods which the Company has not early adopted:

- Amendments to IAS 21 to clarify the accounting when there is a lack of exchangeability (effective 1 January 2025)
- IFRS 18 Presentation and Disclosure in Financial Statements (effective 1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027)
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments (effective 1 January 2026)

Other than IFRS 18 Presentation and Disclosure in Financial Statements (the impact of which is being assessed), the Company does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable will have a significant impact on the Financial Statements

1.25 Retained earnings reserve.

The profit and loss account represents the cumulative profits and losses of the Company, less the payment of dividends.

1.26 Capital Contribution Reserve

The capital contribution reserve is an equity reserve representing funds capitalised from historic intercompany transactions.

1.27 Alternative performance measures (APMs)

Management exercises judgement in determining the adjustments to apply to IFRS measurements in order to derive suitable APMs. As set out in the strategic report, management uses Adjusted EBITDA as an APM. Management believes this provide additional information on the underlying trends and performance of the Company. This measure is used for performance analysis. This APM is not defined by IFRS and therefore may not be directly comparable with other companies' APMs. This measure is not intended to be a substitute for, or superior to, IFRS measurements.

Notes to the financial statements (continued)

2 Revenue

	52 weeks ended 28 September 2025	52 weeks ended 29 September 2024 Restated
	£000	£000
United Kingdom	1,410,012	1,619,514
Republic of Ireland	137,719	135,801
Isle of Man	1,342	1,706
	<u>1,549,073</u>	<u>1,757,021</u>

Revenue stated above relates solely to the sale of goods.

3 Loss for the period

	52 weeks ended 28 September 2025	52 weeks ended 29 September 2024 Restated
	£000	£000
<i>Operating loss for the period has been arrived at after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned (note 11)	40,936	44,130
Right of Use Assets (note 23)	64,942	72,203
Amortisation of other intangibles (note 12)	2,499	1,535
Cost of inventories recognised as an expense	993,999	1,045,821
Impairment – Right of Use Assets (note 23)	41,580	4,777
Impairment - Owned	33,419	5,413
Impairment – other intangibles	91,284	-
Write downs of inventories recognised as an expense	35,949	28,673
Gain on foreign exchange	(12,905)	(4,039)
	<u></u>	<u></u>

	52 weeks ended 28 September 2025	52 weeks ended 29 September 2024
	£000	£000
<i>Auditor's remuneration</i>		
Fees payable to the Company's auditor for the audit of the Company's annual financial Statements	584	542
	<u></u>	<u></u>

No non-audit services have been performed by the Company's auditor in either the current or prior period.

Notes to the financial statements (continued)

4 Non-underlying items

Non-underlying are exceptional items which are incremental to normal operations and are separately disclosed by virtue of their nature or size to enable a better understanding of the Company's underlying financial performance. 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.

	52 weeks ended 28 September 2025 £000	52 weeks ended 29 September 2024 Restated £000
ERP hyper care	(335)	(953)
Restructuring, strategic change and transaction costs	(18,938)	(3,966)
Loan payable to parent – write-off	251,869	-
Impairment of loan receivable	(29,233)	-
Gain on disposal of intangible asset	10,000	-
Loss on disposal of PPE	(12,159)	-
Impairment to Goodwill, Right-of-Use Assets and PPE (notes 11, 12 and 23)	(166,283)	(10,190)
VCP and LTIP scheme costs (Note 22)	-	(255)
	<u>34,921</u>	<u>(15,364)</u>

ERP hyper care costs are material, non-recurring and relate to generational change ERP programme implemented over a three-year period that was completed at the start of FY25.

Restructuring, strategic change and transaction costs relates primarily to costs associated with the transaction (sale of Poundland to GBH) in June 2025, the strategic review leading up to the sale and formal s.26A restructuring, planning and implementation costs. (FY24 relates primarily to costs associated with the head office restructure).

The loan from the previous parent company was formally waived as part of the s.26A restructure as was a loan receivable with a group entity.

The intangible asset disposal relates to the sale of a trade name to the previous parent.

Impairment costs relate to non-recurring reductions to the business's Goodwill, Right-Of-Use Assets and PPE. These impairment costs were brought about due to multiple material impairment indicators across the business's estate primarily due to underperformance in the year. See notes 11 and 12 for further details.

VCP and LTIP scheme costs are non-cash and not related directly to trading performance. As a result, these costs were recognised as non-underlying.

These costs are historically infrequent and non-indicative of the trading activities of the business and therefore, are recognised as non-underlying.

5 Finance income

	52 weeks ended 28 September 2025 £000	52 weeks ended 29 September 2024 £000
Bank interest receivable	632	766
Intercompany interest receivable	1,014	761
	<u>1,646</u>	<u>1,527</u>

Notes to the financial statements (continued)

6 Finance expense

	52 weeks ended 28 September 2025 £000	52 weeks ended 29 September 2024 Restated £000
On amounts owed to group undertakings	15,229	12,568
Bank interest payable	7	4
Interest on asset based lending facility	1,388	-
Interest on lease liabilities	17,809	16,612
Amortisation of debt fees	289	-
	<u>34,722</u>	<u>29,184</u>

7 Dividends

The directors do not propose a final dividend. In the prior period no dividends were paid.

8 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period was as follows:

	Number of employees 52 weeks ended 28 September 2025	52 weeks ended 29 September 2024
Administration	497	627
Selling and distribution	13,920	15,587
	<u>14,417</u>	<u>16,214</u>

The aggregate payroll costs of these persons were as follows:

	52 weeks ended 28 September 2025 £000	52 weeks ended 29 September 2024 £000
Wages and salaries	278,372	289,292
Social security costs	25,320	19,982
Other pension costs (note 25)	4,660	4,753
	<u>308,352</u>	<u>314,027</u>

Notes to the financial statements (continued)

9 Remuneration of directors

Remuneration

The remuneration of the directors was as follows:

	52 weeks ended 28 September 2025 £000	52 weeks ended 29 September 2024 £000
Emoluments	1,340	1,389
Bonus	503	-
Compensation for loss of office	202	-
Company contribution to defined contribution pension scheme	82	37
	<u>2,127</u>	<u>1,426</u>

3 directors (52 weeks ended 29 September 2024: 3) were members of the defined contribution pension schemes.

Highest paid director

The amounts for remuneration include the following in respect of the highest paid director:

	52 weeks ended 28 September 2025 £000	52 weeks ended 29 September 2024 £000
Emoluments	368	276
Bonus	260	-
Company contribution to defined contribution pension scheme	-	-
Compensation for loss of office	-	288
	<u>628</u>	<u>564</u>

No directors exercised share options in the current year or prior year for both highest paid and directors in total.

Notes to the financial statements (continued)

10 Taxation

Analysis of charge/(credit) for the period

	52 weeks ended 28 September 2025		52 weeks ended 29 September 2024 Restated	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on profit for the period	693		1,103	
Adjustments in respect of prior periods	(1,470)		(4,225)	
Total current tax credit		(777)		(3,122)
<i>Deferred tax</i>				
Origination and reversal of timing differences	(9,366)		(6,831)	
De-recognition of previously recognised temporary differences	46,841		10,783	
Adjustment in respect of prior periods	(1,429)		10,821	
Total deferred tax charge		36,046		14,773
Total charge for the period		35,269		11,651

Factors affecting the tax charge for the period

The tax charge for the year differs from the standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are explained below.

	52 weeks ended 28 September 2025	52 weeks ended 29 September 2024 Restated
	£000	£000
Loss before tax	(85,221)	(45,383)
Nominal tax credit at 25% (52 weeks ended 29 September 2024: 25%)	(21,305)	(11,346)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	20,068	512
Intercompany loan write-offs not allowable for tax purposes	(54,907)	-
Ineligible Depreciation	6,587	2,585
Unrecognised deferred tax	86,246	14,630
Adjustments to tax charge in respect of previous period	(2,904)	6,590
Overseas rate adjustment	1,484	(1,320)
Total tax charge for the period	35,269	11,651

Notes to the financial statements (continued)

10 Taxation (continued)

Factors that may affect future current and total tax charges

The deferred tax asset relating to the UK as at 28 September 2025 has been calculated at 25% (FY24: 25%). Deferred tax assets and liabilities relating to other jurisdictions have been calculated based on the relevant tax rate under domestic law.

For the year ended 28 September 2025, Poundland Limited has no direct Pillar 2 filing requirements. Up until 11 June 2025, the Company formed part of the Pillar 2 Group of Pepco Group N.V.. The responsibility for any such filing obligations up to this date therefore sit with Pepco Group N.V. With effect from 12 June 2025, following the acquisition by Gordon Brothers LLC, the earliest period from which the rules will apply going forward is the period ended 30 September 2028. No further work at this stage has therefore been undertaken with regards the impact of Pillar 2 on the Group's tax position.

Notes to the financial statements (continued)

11 Property, plant and equipment

As at 28 September 2025

	Right of Use Assets	Short leasehold property improvements	Fixtures and equipment	Total
	£000	£000	£000	£000
Cost				
At 30 September 2024 as previously reported	482,086	125,484	291,302	898,872
Prior period adjustment (note 26)	156,559	(41,928)	36,712	151,343
Restated	638,645	83,556	328,014	1,050,215
Additions	24,853	5,301	7,873	38,027
Lease reassessments	(29,283)	-	-	(29,283)
Disposals	(166,052)	(9,757)	(28,852)	(204,661)
Reclassification	-	(25)	(300)	(325)
Exchange differences	3,258	541	349	4,148
At 28 September 2025	471,421	79,616	307,084	858,121
Depreciation and impairment				
At 30 September 2024 as previously reported	238,563	48,296	220,327	507,186
Prior period adjustment (note 26)	144,336	(1,125)	436	143,647
Restated	382,899	47,171	220,763	650,833
Charge for the period - Owned	-	13,648	27,288	40,936
Charge for the period - Right of Use Assets (note 23)	64,942	-	-	64,942
On disposal	(146,122)	(9,757)	(16,691)	(172,570)
Reclassification	-	(12)	-	(12)
Impairment	41,580	6,785	26,634	74,999
Exchange differences	1,657	2,385	(1,500)	2,542
At 28 September 2025	344,956	60,220	256,494	661,670
Net book value				
At 28 September 2025	126,465	19,396	50,590	196,451
At 30 September 2024 restated	255,746	36,385	107,251	399,382

Notes to the financial statements (continued)

11 Property, plant and equipment (continued)

As at 29 September 2024

	Right of use Assets	Short leasehold property improvements	Fixtures and equipment	Total
	£000	£000	£000	£000
Cost				
At 2 October 2023 as previously reported	496,717	112,646	267,022	876,385
Prior period adjustment (note 26)	140,643	(41,928)	36,712	135,427
Restated	637,360	70,718	303,734	1,011,812
Additions	68,674	5,436	46,646	120,756
Disposals	(67,389)	(3,007)	(10,433)	(80,829)
Reclassification	-	10,409	(11,933)	(1,524)
At 29 September 2024 restated	638,645	83,556	328,014	1,050,215
Depreciation and impairment				
At 2 October 2023 as previously reported	228,733	32,700	199,855	461,288
Prior period adjustment (note 26)	142,087	(1,125)	436	141,398
Restated	370,820	31,575	200,291	602,686
Charge for the period – Owned	-	13,057	31,073	44,130
Charge for the period - Right of Use Assets	72,203	-	-	72,203
On disposal	(64,901)	(3,007)	(10,433)	(78,341)
Reclassification	-	133	(168)	(35)
Impairment	4,777	5,413	-	10,190
At 29 September 2024 restated	382,899	47,171	220,763	650,833
Net book value				
At 29 September 2024 restated	255,746	36,385	107,251	399,382
At 2 October 2023 restated	266,540	39,143	103,443	409,126

Assets included above which relate to right-of-use-assets are shown in note 23.

Notes to the financial statements (continued)

11 Property, plant and equipment (continued)

The Company carried out the above impairment testing in the period ending 28 September 2025 due to the material trading underperformance of the business and slower growth prospects which led to the sale of the business. There were several impairment indicators on a Cash-Generating-Unit (CGU) store by store basis consisting of the Company's ROU assets and PPE figures. These impairment indicators were driven by the forecasted value in use (representing the recoverable amount of each CGU) for the Company's stores that were lower than the carrying value of the individual CGU's resulting from forecasted shortfalls in store EBITDA levels. Each CGU consisted of ROU Assets and PPE on a store-by-store level. The total amount of the impairment loss included in Admin Expenses is £75.0m (FY24: £10.2m) using a discount rate for each CGU equal to the Company's WACC (weighted average cost of capital).

The FY25 EBITDA was combined with growth assumptions to provide cash flow projections to each lease end date. The key assumptions on which the value in use calculations are based, relate to future business performance over the forecast period, projected long-term growth rates and the discount rates applied. The forecast cash flows include the Director's latest estimates on revenue, operating costs including allocated head office costs and capital expenditure, which impact the future cash flows of the business. Management has reviewed and approved the assumptions inherent in the model as part of the annual budget process using historical experience and considering economic and business risks facing the Company. In assessing the Company's value in use, the Company's WACC was used and a modest EBITDA growth rate was applied to the forecasted cash flows.

The Company's distribution centres were assessed for impairment as separate CGUs. This is because the distribution centres would not be impaired or closed in the scenario that a less than significant number of stores are underperforming. The Company would still require distribution facilities in different locations for local store access and in the case of stores closures would simply utilise the extra distribution capacity for open stores.

Notes to the financial statements (continued)

12 Intangible assets

As at 28 September 2025

	Goodwill	Favourable leases	Trademarks	Software	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At 30 September 2024	91,284	1,112	139	23,811	116,346
Additions	-	-	-	237	237
Disposals	-	-	-	(29)	(29)
Reclassification	-	-	-	325	325
At 28 September 2025	91,284	1,112	139	24,344	116,879
<i>Amortisation and impairment</i>					
At 30 September 2024 as previously stated	34,944	975	139	20,210	56,268
Prior period adjustment (note 26)	(34,944)	-	-	-	(34,944)
Restated	-	975	139	20,210	21,324
Amortisation for the period	-	15	-	2,484	2,499
Disposals	-	-	-	(29)	(29)
Impairment	91,284	-	-	-	91,284
Reclassification	-	-	-	12	12
At 28 September 2025	91,284	990	139	22,677	115,090
<i>Net book value</i>					
At 28 September 2025	-	122	-	1,667	1,789
At 30 September 2024 restated	91,284	137	-	3,601	95,022

As at 29 September 2024

	Goodwill	Favourable leases	Trademarks	Software	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At 2 October 2023	91,284	1,112	139	20,570	113,105
Additions	-	-	-	1,813	1,813
Disposals	-	-	-	(96)	(96)
Reclassification	-	-	-	1,524	1,524
At 29 September 2024	91,284	1,112	139	23,811	116,346
<i>Amortisation</i>					
At 2 October 2023	-	913	139	18,798	19,850
Amortisation for the period	-	62	-	1,473	1,535
Disposals	-	-	-	(96)	(96)
Reclassification	-	-	-	35	35
At 29 September 2024 restated	-	975	139	20,210	21,324
<i>Net book value</i>					
At 29 September 2024 restated	91,284	137	-	3,601	95,022
At 2 October 2023	91,284	199	-	1,772	93,255

Notes to the financial statements (continued)

12 Intangible assets (continued)

Goodwill

Following Poundland Limited's (at that time Poundland Group plc) acquisition of the entire share capital of 99p Stores on 28 September 2015, Poundland commenced a rebranding programme in October 2015. This consisted of a transfer of the trade and assets from 99p Stores to the Company. The total programme entailed rebranding 236 stores to the Poundland fascia. The trade and assets were transferred at fair value, and consideration was paid, again at fair value. Goodwill arising on the total transaction was £91.3 million.

Impairment

An impairment test is a comparison of the carrying value of the assets of a business or CGU to their recoverable amount. The recoverable amount represents the higher of the CGU's fair value less the cost to sell and value in use. The recoverable amount has been determined based on value in use. 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. In this instance the goodwill arising in the Company has been assessed as part of the wider Poundland business CGU as the acquired stores are now indistinguishable from the wider business.

During the year ended 28 September 2025, the Group recognised a goodwill impairment charge of £91.3m in respect of the Poundland cash-generating unit ("CGU"), reflecting continued challenging trading conditions and a reduction in forecast future cash flows. The impairment charge was recognised in operating profit and reduced the carrying amount of goodwill allocated to the CGU from £91.3 million to nil.

The recoverable amount of the CGU was determined using a value in use calculation based on cash flow projections derived from the latest Board-approved forecasts covering a period of four years. Cash flows beyond the forecast period were extrapolated using a long-term growth rate of 2%. A pre-tax discount rate of 15% was applied. In 2024, the recoverable amount was determined based on fair value less costs to dispose.

The value in use calculation was most sensitive to assumptions relating to EBITDA growth, the long-term growth rate and the discount rate. These assumptions were determined using management's experience, recent trading performance and external market data where available.

As the goodwill allocated to the CGU has been fully impaired, reasonably possible adverse changes in key assumptions would not result in any further goodwill impairment; however, they could affect the carrying value of other assets within the CGU in future periods.

ERP Implementation

At the start of FY25, the Company completed the implementation of an ERP system which is expected to improve inventory loss rates and also inventory management due to better oversight, more efficient data processing and increased automation. This constitutes the "Software" in note 12. Our strategic IT systems are centred on developing and rolling out Oracle as the Company's core Enterprise Resource Planning (ERP) with investment across HR systems including labour demand planning and stock optimisation tools. These represent a material set of programmes that will both transform how the businesses operate and enable significant scale.

Amortisation for all intangible assets is recognised in operating expenses in the income statement as follows:

	52 weeks ended 28 September 2025 £000	52 weeks ended 29 September 2024 £000
Administration expenses	2,499	1,535
	<u>2,499</u>	<u>1,535</u>

Notes to the financial statements (continued)

13 Investments

	28 September 2025 £000	29 September 2024 £000
Shares in subsidiary undertakings, at cost	5,185	5,185
Additions	-	-
Impairment	(5,185)	-
	-	5,185

In FY25, following the restructuring of the business and subsidiaries ceasing to trade, all investments were written down to £nil.

The Company's subsidiary undertakings at the period-end which are directly held are:

	Principal activity	Country of incorporation	Proportion of ordinary shares held %
PLND UK Retail Limited	Non-trading	England	100
PLND Europe Limited	Non-trading	England	100
Poundland Elgin Limited	Non-trading	England	100
Viewtone Trading Group Limited	Non-trading	England	100
Online Poundshop Limited	Non-trading	England	100
Dealz Retailing Ireland Limited	Non-trading	Republic of Ireland	100
PLND Limited	Non-trading	England	100

All subsidiaries incorporated in the United Kingdom are registered at CSC Midland Road, Walsall, United Kingdom, England, WS1 3TX.

Dealz Retailing Ireland Limited's registered address is Unit 3, Westend Retail Park, Blanchardstown, D15 EW26, Republic of Ireland.

Notes to the financial statements (continued)

14 Inventories

	28 September 2025 £000	29 September 2024 £000
Goods purchased for resale	140,929	191,935
Goods in transit	23,993	38,440
	<u>164,922</u>	<u>230,375</u>

Goods in transit relates to imported stock on water not yet received into distribution centres and not yet available for sale. Inventories are stated after provisions for impairment of £23,547,000 (2024: £22,654,000).

15 Trade and other receivables

	28 September 2025 £000	29 September 2024 Restated £000
Trade receivables	2,457	5,272
Amounts owed by Group undertakings	13,035	69,851
Prepayments and accrued income	36,549	52,315
Other debtors	207	477
Corporation tax receivable	5,837	4,053
	<u>58,085</u>	<u>131,968</u>

Credit risk is the risk that a counterparty will fail to meet their obligations as they fall due. Amounts owed by Group undertakings represent amounts owed to the Company for goods sold, services rendered and other transactions. The credit risk from these amounts is deemed to be low given the historic financial stability of the counterparties as well as the centralised management of intercompany balances by the Group. Historically, no credit risk exposures have materialised.

The ageing of trade receivables at the balance sheet date was:

	Gross 28 September 2025 £000	Impairment 28 September 2025 £000	Gross 29 September 2024 £000	Impairment 29 September 2024 £000
Not past due	1,732	-	3,334	-
Past due 0-30 days	492	-	459	-
Past due 31-120 days	50	(1)	1,029	(64)
More than 120 days	649	(465)	2,263	(1,749)
	<u>2,923</u>	<u>(466)</u>	<u>7,085</u>	<u>(1,813)</u>

Notes to the financial statements (continued)

15 Trade and other receivables (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	28 September 2025 £000	29 September 2024 £000
Balance at beginning of the year	(1,813)	(1,211)
Impairment increase	-	(602)
Impairment loss released	1,347	-
Impairment utilised	-	-
Balance at end of the year	(466)	(1,813)

There has been no allowance for impairment in respect of amounts owed by group undertakings at 28 September 2025 (29 September 2024: Nil). The Expected Credit Loss (ECL) of trade receivables is equal to the allowance for impairment noted above. The accrued income receivables are considered low risk as they mainly relate to supplier rebates.

Analysis of the accrued income debtor is as follows:

	28 September 2025 £000	29 September 2024 £000
Brought forward balance	21,893	26,859
Amounts written-off in the current period	-	(5,568)
Amounts billed in the current period that were included in the opening contract asset	(21,893)	(21,291)
Supplier rebates not yet billed	11,140	21,893
Carried forward balance	11,140	21,893

16 Trade and other payables

	28 September 2025 £000	29 September 2024 Restated £000
Trade payables	126,738	156,288
Other taxation and social security	16,772	22,848
Amounts owed to Group undertakings	14,489	56,721
Other payables	18,226	20,295
Accruals	79,045	129,347
Corporation tax payable	-	-
	255,270	385,499

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company 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 Company 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.

Notes to the financial statements (continued)

17 Financial liabilities

The table below summarises the maturity profile of the Company's finance liabilities based on contractual undiscounted payments:

As at 28 September 2025	Less than 12 months	1 to 5 years	> 5 years	Total
	£000	£000	£000	£000
Interest-bearing loans	-	78,095	-	78,095
Lease liabilities**	50,084	138,531	88,880	277,495
Trade and other payables	144,964	-	-	144,964
Accruals	79,045	-	-	79,045
Group undertakings	14,489	-	-	14,489
Other taxation and social security	16,772	-	-	16,772
	<u>305,354</u>	<u>216,626</u>	<u>88,880</u>	<u>610,860</u>
As at 29 September 2024 Restated	Less than 12 months	1 to 5 years	> 5 years	Total
	£000	£000	£000	£000
Interest-bearing loans	-	228,578	-	228,578
Lease liabilities**	91,906	291,851	118,639	502,396
Trade and other payables	176,583	-	-	176,583
Accruals	129,347	-	-	129,347
Group undertakings	56,721	-	-	56,721
Other taxation and social security	22,848	-	-	22,848
	<u>477,405</u>	<u>520,429</u>	<u>118,639</u>	<u>1,116,473</u>

** reflects undiscounted cash flows on lease liabilities

The Company changed ownership during the financial year, completing a transaction on 12th June 2025 that saw the business move away from full ownership from Pepco Group, to initially being fully owned by GBH. Within the UK the holding company is 1903 Peach, which from 29th August 2025 is now 70% owned by GBH and 30% owned by Pepco Group.

At this date all loans existing from parent undertakings were cancelled. Under the new ownership, the Company has an asset-based lending facility in place with GBH up to £95m, of which £50.0m was drawn and is secured predominantly on the Company's inventory. The facility is in place until August 2028 and interest is calculated daily based on Sonia plus 7.5% margin.

The Company also has a historic facility agreement with Pepco Group worth £30m which is fully drawn. The facility is in place until September 2030 and interest is calculated daily at a fixed rate of 6.5% with a non-utilisation fee of 2.5% p.a. on the available commitment and is secured on historical assets.

Alongside this there is a further £30m overdraft facility which was undrawn at the balance sheet date. Subsequent to the year end this facility has been replaced with a term loan facility which runs to 29 August 2027. Interest is charged at the Bank of England Base Rate plus a margin of 2%.

The former parent company, Pepco Group, has provided a £4m guarantee against a letter of credit with the bank. No fee was charged for the guarantee and this remains in place at the reporting date.

Notes to the financial statements (continued)

18 Deferred tax

Full provision without discounting has been made for deferred tax assets and liabilities. A deferred tax asset is recognised by the Company where future recoverability is considered probable. The amounts involved are as follows:

	28 September 2025 £000
Deferred tax asset at beginning of period	36,040
Recognised in the income statement	(36,046)
Exchange differences	6
Deferred tax asset at end of period	-

	28 September 2025 £000	29 September 2024 £000
Property, plant and equipment – Accelerated capital allowances	-	24,374
Right of use assets	-	(4,219)
Other financial assets	-	1,104
Lease liabilities	-	4,031
Trade and other payables	-	350
Other financial liabilities	-	540
Other temporary differences	-	(9)
Tax losses	-	9,869
Deferred tax asset	-	36,040

Deferred tax asset movements in the year are as shown in the table below.

	29 September 2024 £000	Recognised in the income statement £000	Recognised in other comprehensive income £000	Exchange differences £000	28 September 2025 £000
Property, plant, and equipment	24,374	(24,374)	-	-	-
Right of use assets	(4,219)	4,219	-	-	-
Other financial assets	1,104	(1,104)	-	-	-
Lease liabilities	4,031	(4,031)	-	-	-
Trade and other payables	350	(350)	-	-	-
Other financial liabilities	540	(540)	-	-	-
Other temporary differences	(9)	3	-	6	-
Tax losses	9,869	(9,869)	-	-	-
	36,040	(36,046)	-	6	-

Notes to the financial statements (continued)

18 Deferred tax (continued)

Given the recent losses incurred by the Company, a deferred tax asset has not been recognised as the future recovery of these losses does not meet the criteria set out in IAS12. Deferred tax assets have not been recognised in respect of gross temporary differences of £445.2m (FY24: £151.1m). Net deferred tax assets which have not been recognised equates to £111.3m (FY24: £37.8m). These temporary differences primarily relate to tax losses and disallowed interest amounts under the Corporate Interest Restriction rules in the UK which have no expiry date and recoverability of which is uncertain.

19 Derivative financial instruments

	28 September 2025 £000	29 September 2024 £000
Financial assets measured at fair value:		
Foreign exchange forward contracts-Current	-	2,704
Foreign exchange forward contracts- Non-current	-	153
Total derivative financial assets	-	2,857
Financial liabilities measured at fair value:		
Foreign exchange forward contracts-Current	-	(5,115)
Foreign exchange forward contracts- Non-current	-	(223)
Total derivative financial liabilities	-	(5,338)
Total net position	-	(2,481)
		28 September 2025 £000
Net derivative financial liabilities at beginning of period		(2,481)
Recognised in the income statement		1,625
Effective portion of changes in the fair value of cashflow hedges		(1,625)
Net change in fair value of cash flow hedges reclassified to profit or loss		2,481
Net derivative financial assets/(liabilities) at end of period		-

The Company's derivative financial instruments were novated to Pepco Group at value as part of the sales process.

Notes to the financial statements (continued)

20 Provisions

	28 September 2025 £000	29 September 2024 Restated £000
At beginning of period	5,741	10,990
Provisions made during the period	4,226	1,788
Provisions settled during the period	(2,101)	(114)
Provisions reversed during the period	(4,346)	(6,923)
	<u>3,520</u>	<u>5,741</u>
Non-current	3,335	2,814
Current	185	2,927
	<u>3,520</u>	<u>5,741</u>

Provisions are recognised for both currently trading stores and exit costs for properties no longer occupied by the Company. These provisions are made for the obligations that arise for Poundland relating to the repair and maintenance of occupied properties as well as exit costs for properties no longer occupied. Our methodology for calculating the provisions is based on the total square footage of the stores using historical data to assess the settled cost per square foot. By the nature of these provisions, there exists inherent uncertainty around the timings and amounts of the final amounts due. The expected timing between closure of the stores and settlement of the provisions ranges between 3 months to 5 years based on historic experience. For currently trading stores this time period would be subsequent to the store closure.

21 Share capital

	28 September 2025 £000	29 September 2024 £000
<i>Authorised, allotted, called up and fully paid:</i>		
14,285 ordinary shares of £0.01 each (2024: 100 ordinary shares of £1 each)	-	-

The Company restructured its share capital on 29 August 2025. The existing 100 ordinary shares of £1.00 each were subdivided into 10,000 ordinary shares of £0.01 each. Additionally, a further 4,285 shares of £0.01 each were allotted for nominal value.

Each ordinary share carries the right to vote at general meetings. Shares do not have the right to fixed income.

22 Share based payments

Value Creation Plan

The Value Creation Plan (VCP) was adopted on 3 March 2020 (the "Grant Date"). The scheme aligns the remuneration of Executive Directors with the value generated for shareholders. The VCP scheme was originally granted by Pepco Group Limited, which was acquired by Pepco Group N.V. on the 13 of May 2021. On acquisition the VCP plan was novated up from Pepco Group Limited to Pepco Group N.V. The charge for Poundland Limited in the period ended 29 September 2024 was £0.3m. During the year the final awards under the scheme lapsed with no payments due and no further grants being made. As the scheme had been accounted for as an equity settled plan, the residual balance in the Capital Contribution Reserve of £3,560,000 has been transferred to retained earnings.

Notes to the financial statements (continued)

23 Obligations under leases: Right-of-use-assets

Analysis of assets held under leases:

	Buildings	Vehicles	Total
	£000	£000	£000
Cost			
At 30 September 2024 as previously reported	458,568	23,518	482,086
Prior year adjustment (note 26)	145,543	11,016	156,559
Restated	604,111	34,534	638,645
Additions	22,056	2,797	24,853
Lease reassessments	(29,283)	-	(29,283)
Disposals	(165,825)	(227)	(166,052)
Exchange differences	3,247	11	3,258
At 28 September 2025	434,306	37,115	471,421
Depreciation and impairment			
At 30 September 2024 as previously reported	216,671	21,892	238,563
Prior year adjustment (note 26)	137,624	6,712	144,336
Restated	354,295	28,604	382,899
Charge for the period	59,381	5,561	64,942
On disposal	(145,895)	(227)	(146,122)
Exchange differences	1,654	3	1,657
Impairment (note 4)	41,580	-	41,580
At 28 September 2025	311,015	33,941	344,956
Net book value			
At 28 September 2025	123,291	3,174	126,465
At 30 September 2024 restated	249,816	5,930	255,746

Notes to the financial statements (continued)

23 Obligations under leases: Right-of-use-assets (continued)

	28 September 2025	29 September 2024 Restated
	£000	£000
Lease liabilities:		
Current	38,890	64,111
Between 1 to 5 years	92,756	162,054
Greater than 5 years	73,300	86,876
Total	204,946	313,041

The average lessee's incremental borrowing rate applied to the lease liabilities during the year was 6.46% (2024: 6.03%).

Amounts recognised in the income statement:

	28 September 2025	29 September 2024 Restated
	£000	£000
Interest expenses (included in finance cost)	17,809	16,612
Expense relating to short-term leases (included in cost of goods sold and operating expenses)	16,510	16,316
Variable lease payment expenses	114	193

Total cash outflow for leases in the 2025 financial period were £94.6m (2024: £98.4m). The Company leases various retail stores 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. From 30 September 2019, the Company 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. For the stores which met the minimum threshold for variable rent to be applicable, the range paid out in the year was between 1% to 3% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs 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.

24 Capital commitments

Capital commitments of the Company were as follows:

	28 September 2025	29 September 2024
	£000	£000
Acquisition of property, plant and equipment and intangible assets	294	4,754

25 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the 52 weeks to 28 September 2025 represents contributions payable by the Company to the scheme and amounted to £4.7m (52 weeks ended 29 September 2024: £4.7m). Contributions amounting to £0.8m (29 September 2024: £3.8m) were still payable to the scheme at the 28 September 2025 and are included in accruals.

Notes to the financial statements (continued)

26 Prior year restatement

The Company identified a number of prior period adjustments, impacting the Statement of financial position at 1 October 2023, and 29 September 2024 and the Income Statement for the 52 week period ended 29 September 2024. The impact of the adjustments on the primary statements is presented below:

	As reported at 01 October 2023 £000	Trade payables adjustment £000	PPE adjustment £000	IFRS 16 adjustment £000	Restated balances at 01 October 2023 £000
Non-current assets					
Property, plant and equipment	415,097	-	(4,527)	(1,444)	409,126
Intangibles and goodwill	93,255	-	-	-	93,255
Investments in subsidiaries	5,185	-	-	-	5,185
Derivative financial instruments	1,644	-	-	-	1,644
Deferred tax asset	49,434	-	-	-	49,434
	564,615	-	(4,527)	(1,444)	558,644
Current assets					
Inventories	217,333	-	-	-	217,333
Trade and other receivables	138,937	-	-	(2,933)	136,004
Derivative financial instruments	6,190	-	-	-	6,190
Cash and cash equivalents	41,864	-	-	-	41,864
	404,324	-	-	(2,933)	401,391
Current liabilities					
Trade and other payables	(396,037)	(22,453)	(6,325)	7,900	(416,915)
Lease liabilities	(65,354)	-	-	(7,742)	(73,096)
Derivative financial instruments	(4,153)	-	-	-	(4,153)
Provisions	-	-	-	(11)	(11)
	(465,544)	(22,453)	(6,325)	147	(494,175)
Non-current liabilities					
Loans from parent undertakings	(108,376)	-	-	-	(108,376)
Accruals	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-
Lease liabilities	(227,549)	-	-	(28,255)	(255,804)
Provisions	(10,990)	-	-	-	(10,990)
	(346,915)	-	-	(28,255)	(375,170)
Net assets	156,480	(22,453)	(10,852)	(32,485)	90,690

Notes to the financial statements (continued)

26 Prior year restatement (continued)

	As reported at 29 September 2024 £000	Trade Payables adjustment £000	PPE adjustment £000	Goodwill adjustment £000	IFRS 16 adjustment £000	Restated balances at 29 September 2024 £000
Non-current assets						
Property, plant and equipment	391,687	-	(4,527)	-	12,222	399,382
Intangibles and goodwill	60,078	-	-	34,944	-	95,022
Investments in subsidiaries	5,185	-	-	-	-	5,185
Derivative financial instruments	153	-	-	-	-	153
Deferred tax asset	36,040	-	-	-	-	36,040
	493,143	-	(4,527)	34,944	12,222	535,782
Current assets						
Inventories	230,375	-	-	-	-	230,375
Trade and other receivables	127,453	-	-	-	4,515	131,968
Derivative financial instruments	2,704	-	-	-	-	2,704
Cash and cash equivalents	46,720	-	-	-	-	46,720
	407,252	-	-	-	4,515	411,767
Current liabilities						
Trade and other payables	(349,407)	(23,556)	(6,325)	-	(6,211)	(385,499)
Lease liabilities	(63,673)	-	-	-	(9,334)	(73,007)
Derivative financial instruments	(5,115)	-	-	-	-	(5,115)
Provisions	(3,106)	-	-	-	179	(2,927)
	(421,301)	(23,556)	(6,325)	-	(15,366)	(466,548)
Non-current liabilities						
Loans from parent undertakings	(207,666)	-	-	-	-	(207,666)
Accruals	-	-	-	-	(371)	(371)
Derivative financial instruments	(223)	-	-	-	-	(223)
Lease liabilities	(206,549)	-	-	-	(33,485)	(240,034)
Provisions	(2,814)	-	-	-	-	(2,814)
	(417,252)	-	-	-	(33,856)	(451,108)
Net assets/(liabilities)	61,841	(23,556)	(10,852)	34,944	(32,485)	29,893

Notes to the financial statements (continued)

26 Prior year restatement (continued)

	As reported for 52 weeks ended 29 September 2024 £000	Trade payables adjustment £000	Goodwill adjustment £000	IFRS 16 and other adjustment £000	Internal sales adjustment £000	Restated for 52 weeks ended 29 September 2024 £000
Income statement						
Revenue	1,818,127	-	-	-	(61,106)	1,757,021
Cost of sales	(1,160,629)	(1,103)	-	-	61,106	(1,100,626)
Gross profit	657,498	(1,103)	-	-	-	656,395
Administrative expenses	(670,407)	-	-	(100)	-	(670,507)
Impairment	(45,134)	-	34,944	-	-	(10,190)
Other operating income	6,576	-	-	-	-	6,576
Operating loss	(51,467)	(1,103)	34,944	(100)	-	(17,726)
Finance income	1,527	-	-	-	-	1,527
Finance expense	(29,284)	-	-	100	-	(29,184)
Loss before taxation	(79,224)	(1,103)	34,944	-	-	(45,383)
Taxation	(11,651)	-	-	-	-	(11,651)
Loss for the period	(90,875)	(1,103)	34,944	-	-	(57,034)

Aged debit balances within accounts payable

During the year, the Company completed a detailed review of aged debit balances recorded within the accounts payable ledger. These balances represented amounts recoverable from suppliers, including advance payments for goods or services that had not been received. The review identified balances that were no longer considered recoverable, primarily because they were significantly aged and the Company no longer had active relationships with the relevant suppliers.

The correction has been accounted for as a prior period error under IAS 8. The opening statement of financial position at 1 October 2023 has been restated to increase trade and other payables and reduce retained earnings by £22.5m. A further £1.1m has been recognised in cost of sales for the 52 weeks ended 29 September 2024, resulting in a total adjustment of £23.6m at 29 September 2024. The adjustment has no impact on cash or cash equivalents.

PPE

During the year, the Company completed a detailed review of assets recorded within fixed assets. This review identified assets that had been capitalised in prior periods but had not been allocated to the fixed asset register or to specific store locations. Management concluded that these assets no longer existed or could not be substantiated as valid assets of the Company.

As the affected assets were acquired before 1 October 2023, being the beginning of the earliest period presented, the correction has been accounted for as a prior period error under IAS 8. The opening statement of financial position at 1 October 2023 has therefore been restated to reduce property, plant and equipment and retained earnings by £10.9m. The adjustment comprises a reduction in fixed asset cost of £17.0m and a reduction in accumulated depreciation of £6.1m.

Management also identified a historical adjustment recorded between property, plant and equipment and accrued liabilities relating to unallocated fixed assets. No supporting documentation could be obtained for this adjustment and the underlying fixed asset records, and accrual reconciliations supported the balances before the adjustment was recorded. Management therefore concluded that the adjustment represented a prior period error. The opening statement of financial position has been restated to reverse the adjustment, resulting in:

increase in property, plant and equipment: £6.325m; and

increase in accruals (included within trade and other payables): £6.325m.

Notes to the financial statements (continued)

26 Prior year restatement (continued)

IFRS 16 Lease Accounting

During FY25 Poundland commenced a review of the current IFRS 16 lease system as part of due diligence work prior to sale. As a result of this, errors were noted in relation to how IFRS 16 leases were calculated in prior periods. Accordingly, the Company has restated the right-of-use assets and corresponding lease liabilities, along with other related balances in prepayments, accruals and provisions, as at previous balance sheet dates, as presented in the tables above. The adjustment also impacted depreciation and finance costs within the income statement for the period to 29 September 2024.

Goodwill

As part of the prior period adjustments identified in respect of FY24, management identified that the carrying amounts of certain assets and liabilities included in the FY24 goodwill impairment assessment were incorrect. These included adjustments to property, plant and equipment, IFRS 16 right-of-use assets and other related balances. As a result, the carrying amount of the relevant CGU used in the FY24 impairment assessment was overstated. Management has therefore rerun the FY24 impairment assessment using the corrected FY24 carrying amounts. The revised assessment indicates that the CGU had sufficient headroom and that the goodwill impairment charge of £34.9m previously recognised in FY24 would not have been required.

Internal Sales

During the year, management identified that certain interbranch trading between the UK business and the ROI/IOM branches had not been eliminated in preparing the Company financial statements for the year ended 29 September 2024. ROI and IOM are branches of the Company and not separate subsidiaries; therefore, the related transactions do not represent external sales or cost of sales.

The correction has been accounted for as a prior period error under IAS 8 and the comparative amounts for the year ended 29 September 2024 have been restated. The adjustment reduces both revenue and cost of sales by £61.106m. There is no impact on gross profit, profit for the period, net assets, retained earnings or basic and diluted earnings per share. There is also no impact on opening equity at 1 October 2023.

27 Contingent Liabilities

Under the terms of the Restructuring Plan, certain creditors are eligible to additional payments as a share of upside trading performance based on the EBITDA achieved over the period FY26 to FY28. In the event that the business delivers above a threshold level of EBITDA, then a proportion of this upside (variable depending on the level of overperformance) is due to be shared with those creditors under the terms of the Restructuring Plan. As at the balance sheet date it is not possible to estimate the potential outflow that would occur after the end of FY28 and therefore no provision has been made for any liability. Management will continue to assess in light of the ongoing business performance.

28 Transactions with related parties

The Company changed ownership during the financial year, completing a transaction on 12th June 2025 that saw the business move away from full ownership from Pepco Group, to initially being fully owned by GBH. Within the UK the holding company is 1903 Peach Bidco Limited, which from 29th August 2025 is now 70% owned by GBH and 30% owned by Pepco Group.

The Company has finance facilities in place with both GBH and Pepco Group as outlined in note 17. For the period up to 29th August 2025, the Company has taken advantage of the exemption conferred by paragraph 8(j) and 8(k) of FRS 101 not to disclose transactions with other Group companies and disclosing remuneration of key management personnel. In the period from 29th August 2025, transactions with related parties were as follows:

Charges for services provided	£54,446	Pepco Group Services Limited
Charges for services provided	£647,967	Dealz Poland SP ZOO
Charges incurred for services received	£1,014	Pepco Group Services Limited

Amounts related to services provided between the Company and other entities within the Pepco Group in relation to transition services following the transaction.

Notes to the financial statements (continued)

29 Ultimate parent company

The Ultimate parent and controlling company is Gordon Brothers Holdings (a US Delaware limited liability company). The Company is a direct subsidiary undertaking of 1903 Peach Bidco Limited which is registered in England and Wales. The registered address for 1903 Peach Bidco is 11 Soho Street, London, United Kingdom, W1D 3AD.

Relationship between entity and parents

The parent of the smallest group in which these financial statements are consolidated is 1903 Peach Bidco Limited and the parent of the largest group in which these financial statements are consolidated is Gordon Brothers Holdings, incorporated in USA.

Copies of the accounts for 1903 Peach Bidco Limited can be obtained from Companies House.

Glossary of terms

Term	Definition
Adjusted EBITDA	Adjusted Earnings Before Interest, Tax, Depreciation, Amortisation and Exceptional items as illustrated in the Strategic Report
APM	Alternative Performance Measure
BEV	Battery Electric Vehicle
BMS	Building Management Systems
Board	Board of Directors
CAGR	Compound Annual Growth Rate
CGU	Cash -Generating-Unit
CNG	Compressed Natural Gas
Consumer	A person who purchases goods and services for personal use.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ERP	Enterprise Resource Planning
ESG	Environmental Social and Governance
FMCG	Fast-Moving Consumer Goods
GBH	Gordon Brothers Holdings
GHG	Green House Gases
Pepco Group	Pepco Group and its subsidiaries
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IOM	Isle Of Man branch
Like for Like (LFL)	Refers to % growth in sales. This is calculated by taking “this year’s gross sales”, minus “last year gross’s sales”, divided by “last year’s gross sales”. It is only recorded if a store was trading in the same week in both years. This excludes stores that were trading last year but not this year, and stores that were trading this year but not last year.
LTIP	Long Term Incentive Plan
Net zero	Target to negate amount of greenhouse gases by reducing emissions by 2050.
NPS	Net Promoter Score
PBT	Profit Before Tax
RCF	Revolving Credit Facility
ROU	Right-Of-Use
ROI	Republic of Ireland
RPI	Retail Price Index
SaaS	Software-as-a-Service
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
TCFD	Task Force on Climate Related Financial Disclosures
VCP	Value Creation Plan
YOY	Year On Year