

boohoo group plc

("Debenhams Group", "Debenhams" or the "Company")

Group Turnaround Scheme

The Remuneration Committee of Debenhams Group (DEBS.L) (the "**Committee**") announces a new growth share arrangement, the Group Turnaround Scheme (the "**GTS**").

Background and Rationale

Following the appointment of the new management team, the Committee has undertaken a comprehensive review of the Debenhams Group's remuneration policy to ensure it is fair, appropriate and closely aligned with Debenhams' multi-year turnaround strategy. The Debenhams Group's existing long term incentive schemes based on the performance of the whole Debenhams Group do not include Dan Finley (CEO) and Phil Ellis (CFO) (the "**Executives**"). Accordingly, the Committee has determined that these legacy schemes no longer incentivise the individuals that are fundamental to the Debenhams Group's future success and is proposing to replace participation in these schemes with the GTS.

The GTS has been designed to be a strong incentive for the Executives and certain other members of the senior management team (the "**Participants**") to execute the turnaround strategy over the coming years and consequently restore profitability and unlock value for all shareholders.

Significant progress has already been made by the new leadership team to stabilise the business and position it to take advantage of opportunities. £41.6m Adjusted EBITDA was reported for FY25, which reflected not only the stand-out performance of Debenhams but also the decisive actions taken by the new leadership team. The new leadership team have been instrumental in deleveraging the business following the completion of an oversubscribed equity raise of £39m in December 2024, the sale of non-core property assets enabling early payment of the Debenhams Group's previous term loan and the successful completion of a new 3-year finance facility of up to £175m, more than 12 months ahead of maturity. Whilst progress has been made, the new leadership team have embarked upon a focused, multi-year turnaround strategy to restore profitability and unlock value and, as such, the GTS is intended to retain and incentivise the management team to deliver.

The Company has conducted a shareholder consultation process with respect to the GTS with a number of the Company's shareholders, representing 36% of the voting rights. This exercise has provided valuable feedback which has been taken on board in finalising the terms of the GTS, which have been approved by the Committee.

Corporate Governance Considerations

Debenhams notes that its Board has previously stated publicly that, having taken advice from Zeus Capital Limited, its Nominated Adviser, seeking shareholder support for management incentive schemes of this nature is consistent with its corporate governance aims. Debenhams has adhered to this principle in the adoption of each of its legacy executive schemes since June 2020 ("**Previous Schemes**") by requiring the adoption of those schemes to be subject to shareholder approval at a general meeting.

However, after careful consideration, the Board has concluded that making the adoption of the GTS conditional on shareholder approval at a general meeting would not be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

The principal reasons for this are as follows:

- there is no requirement under relevant company law or the AIM Rules to obtain shareholder approval before implementing the GTS;
- the Committee has carefully considered the structure of the GTS and, through the stretching growth targets and duration of the plan, sought to ensure it retains and incentivises management to drive sustained share price growth;
- the swift adoption of the GTS ensures that the senior managers (and most importantly the Executives) will be incentivised to deliver very significant share price growth as the Debenhams Group executes its strategy under the leadership of the Executives. As outlined above, significant progress has already been made by the new leadership team which has had a positive impact on the Debenhams Group's overall performance. As a result, the Committee believes implementing the GTS without delay is fundamental to maintaining this upward trajectory and enabling the Participants to solely focus on executing the turnaround strategy and creating value for all shareholders;
- the Company has undertaken shareholder consultation with a number of its key shareholders and taken on board feedback received; and
- a major competitor who is a significant shareholder of Debenhams continues to seek to disrupt the Debenhams Group's growth strategy and operations rather than maximise its future success; at the Debenhams general meeting on the 28 March 2025, it voted against a simple resolution to change the Company's corporate name and at the annual general meeting on 19 September 2025 it voted against customary resolutions regarding dis-application of pre-emption rights, which are regularly recommended by boards as being in the best interest of all shareholders. Accordingly, the Committee has concluded that, despite Debenhams continuing to believe in maintaining good standards of corporate governance throughout the business, seeking to consult with the wider shareholder base or seeking shareholder approval for the GTS at a general meeting would not be in the best interest of the Company's shareholders as a whole.

This information is disclosed in accordance with AIM Rules 10 and 11.

Structure of the Growth Plan

The GTS is structured in such a way that it delivers an aggregated 6 per cent of the growth in the market

the GTS is structured in such a way that it delivers an aggregated 6 per cent. of the growth in the market capitalisation of Debenhams to the extent that such increase is attributable to the share price increasing between £0.35 per share (the "Floor Price") (c. 3.0x the current price per share) and £3.00 per share (the "Cap Price") (c.25.9x the current share price) during the 5-year period that the GTS is in operation.

The GTS is subject to three measurement dates, one 3 years after commencement of the plan which is today's date, one 4 years after commencement of the plan and one 5 years after commencement of the plan (together, the "Measurement Dates"). On all Measurement Dates, the vesting price will be determined by reference to the trailing 30-day average closing share price and, provided the vesting price exceeds the Floor Price, Participants will be entitled to receive the growth in the market capitalisation of Debenhams between the Floor Price and the Cap Price. The amount of the GTS that shall be capable of vesting on each Measurement Date shall be limited to one-third of the aggregate of the total awards made under the GTS and all awards that vest on the first and second Measurement Dates shall each be subject to hold periods of 12 months.

On the basis of full utilisation and full vesting, the GTS will result in a maximum dilution of c.5% for existing Shareholders. To achieve full vesting, the Company's market capitalisation will be required to reach c.£4.2 billion, representing a share price of £3.00 per share; based on the Company's last closing share price of 10.5 pence, this would represent a (i) c.25.9x increase in share price and (ii) a minimum 92% CAGR. The number of awards issued during the measurement period and the associated Debenhams share price hurdles are set such that the maximum value of awards of the GTS will be c.£222 million if the Share Price is at or above £3.00 at each of the three Measurement Dates.

Assuming the whole GTS is awarded in full, the key terms of the GTS are summarised below.

Illustrative share price (£)	£0.35	£0.60	£0.80	£1.00	£1.20	£1.50	£3.00
Multiple of current share price	3.0x	5.2x	6.9x	8.6x	10.3x	12.9x	25.9x
Implied Market Cap (£m)	489	838	1,118	1,397	1,677	2,096	4,192
Award size at the illustrative share price as at the date of the performance condition being achieved (£m)	-	21.0	37.7	54.5	71.3	96.4	222.2
Implied shareholder value created over term of the plan (£m)	327	676	956	1,235	1,515	1,934	4,030
Dilution per tranche	-	2.4%	0.8%	0.5%	0.3%	0.3%	0.6%
Cumulative dilution	-	2.4%	3.3%	3.8%	4.1%	4.4%	5.0%

The above vesting periods will end sooner than the stated Measurement Dates upon a change of control of the Company by virtue of a takeover or statutory scheme of arrangement or a Substantial Shareholder Event having occurred. A "Substantial Shareholder Event" will occur where a shareholder who holds more than 25% of the shares in the Company (from time to time) has appointed a nominee to the Board of the Company (other than following a change of control). The price per share at which any relevant change of control or Substantial Shareholder Event occurs will be deemed the relevant price for the purpose of determining vesting.

Awards will be settled in shares, which will be newly issued by the Company.

The GTS has customary leaver provisions and clawback provisions for all participants.

An individual who participates in the GTS will not also participate in the Debenhams Incentive Plan and the 2023 Growth Share Plan.

Mahmud Kamani will not participate in the GTS, the Debenhams Incentive Plan or the 2023 Growth Share Plan.

Related Party Transactions

The Executives will participate in the GTS and will be allocated growth shares equivalent to a participation in the GTS in approximately the following proportions:

Director	Percentage of the GTS	Maximum potential award under the GTS (on basis the share price is at, or above £3.00 at each of the three Measurement Dates)
Dan Finley, Chief Executive Officer	66.67%	£148.1m
Phil Ellis, Chief Financial Officer	6.67%	£14.8m

Dan Finley and Phil Ellis are related parties as defined by the AIM Rules for Companies ("the AIM Rules") given they are Directors of the Company and the grant of shares to each of them under the GTS (the "Related Party Awards") will therefore be a related-party transaction for the purposes of Rule 13 of the AIM Rules.

The independent directors being Iain McDonald, John Gould and Tom Handley (who each also sit on the Committee), Tim Morris, Kirsty Britz, Mahmud Kamani and Carol Kane consider, having consulted with Zeus Capital, Debenhams

Group's Nominated Adviser, that the terms of the Related Party Awards are fair and reasonable insofar as the Company's shareholders are concerned.

In their considerations regarding the Related Party Awards, the Independent Directors:

- have taken into account the maximum dilution of c.5.0% under the GTS and the stretching targets ranging up to an implied market capitalisation of over £4.0 billion;
- have taken into account that the terms of the GTS have been the subject of a shareholder consultation process; and
- believe it is appropriate to implement this scheme without delay and without shareholder approval being sought to ensure the Executives are incentivised to deliver shareholder value immediately.

Enquiries

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About Debenhams Group

Debenhams Group is an online platform, for fashion, home, and beauty, serving millions of customers across five shopping destinations: Debenhams, Karen Millen, boohoo, MAN and PLT. Debenhams Group dates back to 1778 when William Clark, a retail pioneer of the time, opened the UK's first department store. Today, the Group is home to Debenhams, Britain's online department store and leading fashion-led marketplaces, boohoo, PLT, MAN, and Karen Millen.

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