



**FRASERS GROUP PLC**

Unit A  
Brook Park East  
Shirebrook  
NG20 8RY

## OPEN LETTER TO BOOHOO SHAREHOLDERS

### Continued chaos at boohoo:

- **CEO resignation**
- **terrible refinancing**
- **lack of transparency**
- **poor results**
- **further supply chain allegations**

### The solution:

- **Mahmud Kamani must go**
- **Mike Ashley should be appointed as a director**

21 November 2024

Dear fellow boohoo shareholders,

You will no doubt have seen boohoo's dismal interim results (the "**Results**"), released on 13 November 2024, alongside an emergency fundraise required to satisfy an imminent and unannounced debt repayment, which will only serve to further impede any positive turnaround.

After much delay, boohoo has finally published the circular and notice (the "**Circular**") of the shareholder meeting (the "**Shareholder Meeting**") which Frasers Group plc ("**Frasers**") requisitioned, with a meeting date set for Friday 20 December 2024. Frasers looks forward to shareholders' voices finally being heard at the Shareholder Meeting.

We write to you today to explain why we consider that you should **VOTE IN FAVOUR** of the proposed resolutions at the Shareholder Meeting. Failure to vote, or voting against these resolutions, will only result in further value destruction for all shareholders.

**F R A S E R S G R O U P**

Registered in England and Wales - Company Registration: 06035106

Registered office: Unit A Brook Park East, Shirebrook NG20 8RY

In addition, we have today written to the board of directors of boohoo (the “**Board**”) to requisition a further shareholder meeting of boohoo to remove Mr. Kamani, boohoo’s Executive Chairman, and to prevent the Board from simply re-appointing him or any other director before boohoo’s next AGM. Recent events, in particular the Results, lack of transparency and further supply chain allegations, should leave shareholders in no doubt – **Mr. Kamani must go.**

### **A simple choice: win with Mr. Ashley or lose with Mr. Kamani**

You have a simple choice at the Shareholder Meeting:

- continue with a team led by Mr. Kamani who we consider is synonymous with:
  - multi-year share price collapse and value destruction – the shares are 93% off their highs
  - abysmal trading performance
  - dismal financial results
  - further supply chain allegations
  - sustained track record of governance failures and a “back pocket” board
  - related-party cronyism
  - ill-judged, value-destroying capital investment
  - total disregard for you, the shareholders

#### **OR**

- **VOTE FOR MR. ASHLEY**, a proven retailer with an outstanding track record for value creation:
  - over the last five years, Frasers’ cumulative total shareholder return<sup>1</sup> is 122.9%
  - Frasers has also returned nearly £800 million to shareholders through buybacks

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<sup>1</sup> On a ‘simple’ total shareholder return basis, i.e. assuming no re-investment of dividends.

- over the last five years, Frasers' share price has increased 122% compared to boohoo's decline over the same period of 90%

We, the shareholders, have suffered for long enough. It is time for change.

## **Frasers' message to fellow boohoo shareholders**

### **1. Urgent change at the top of boohoo – the time is now**

- For all of the reasons set out above, most recently, the dismal Results, lack of transparency, terrible refinancing and further supply chain allegations, the chaos at boohoo must end and Mr. Kamani must go.
- The solutions here are clear and two-fold:
  - **Mr. Ashley and Mr. Lennon must be appointed as directors of boohoo**, as the only hope of turning boohoo's fortunes around for all stakeholders
  - it is clear that **the time has now come for Mr. Kamani, boohoo's Executive Chairman, to go**. Therefore, Frasers has today requisitioned a further shareholder meeting of boohoo to give shareholders the opportunity to vote to remove Mr. Kamani as a director of boohoo and to prevent the Board from simply re-appointing him or any other director before boohoo's next AGM
- While Frasers had sought for Mr. Ashley to also be appointed as boohoo's CEO, the Board has refused to put this to a shareholder vote, based on a questionable technicality.
- Instead, just two weeks after the departure of John Lyttle, the Board rushed through the appointment of Dan Finley as boohoo's new CEO, notwithstanding that he has never led a public company, not least one going through a period of significant trading and financial uncertainty, and certainly has no track record of creating value for shareholders. It is perhaps just a coincidence that Mr. Finley joined boohoo from Debenhams, a business boohoo bought out of administration. This only goes to prove the level of disfunction and poor governance at the Board, which is ultimately run by Mr. Kamani, for the benefit of Mr. Kamani.

## 2. Results and refinancing catastrophe – far worse than shareholders could ever have imagined

- As has been well documented by the market and the press, the Results and co-terminus emergency fundraise only stand to reinforce the abysmal ongoing performance that is being overseen by Mr. Kamani, the Board and the executive team. The Youth Brands, which have long been the epicentre of the boohoo equity story, representing 70% of the boohoo group's gross merchandise value ("GMV"), are significantly down: 16% reduction in GMV and an 18% decline in revenue YoY.
- Across boohoo's KPIs, the Results show unique customers fell 5%, order frequency was flat at 3x p.a., and average order value fell 4% and number of items per basket fell from 3.0 to 2.8. To be clear this means: **new customers: down, average order value: down, and items purchased on each visit: down**. If that's not enough, even the incumbent customer base is not being enticed to come back more often.
- The data does not lie and any tools that boohoo might have had to manage its way out whilst delivering full returns to shareholders dissipated with the refinancing announced on 18 October 2024.
- The £222 million refinancing has put a straitjacket around boohoo's ability to manage its issues. boohoo is not making money, its performance is trending in one direction at an alarming rate, it cannot invest and so, without change at the top, only disposals will stop boohoo from defaulting on its debts. The short-term nature of the debt means that without this change, forced disposals are the only option, which will lose value for all shareholders.
- We ask the Board to confirm: what are the repayment dates and triggers for the debt? In October, the Board told the market that £97 million was repayable by August 2025. boohoo led the market to believe that it had ten months in which to raise the money. Frasers, as with the rest of the market, had understood that repayment was due in full in August 2025. However, on boohoo's earnings call on 14 November 2024, the CFO said there are set dates for repayment of the term loan. Relaying that boohoo would actually be repaying the first £50 million in December 2024 only heightens boohoo's necessity to make disposals at speed from a position of extreme distress. boohoo was sued by a collection of institutional shareholders for a failure of public disclosures. In the circumstances, any sensible board would have been particularly careful to ensure this does not happen again. £50m is more than the net proceeds of the emergency

fundraise. With boohoo not making money, we are now concerned more than ever at the actions the Board, led by Mr. Kamani, and the executive team will take.

### 3. Life after Mahmud Kamani

As soon as Mr. Ashley and Mr. Lennon are appointed as directors of boohoo and have an opportunity assess the true state of affairs, they will:

- push for total transparency. For too long, the current Board has failed to disclose to the market and to shareholders what is really happening at boohoo;
- review boohoo's financing arrangements to understand what the terms of boohoo's refinancing actually are and consider how best to improve boohoo's financing position;
- bring to boohoo decades-long retail and logistics expertise and experience;
- lead the drive to return boohoo to profitability. Since 2016, Frasers has more than doubled its profits and Mr. Ashley plans to bring this same success to boohoo;
- fix boohoo's supply chain. The scandals must end once and for all and the current Board, led by Mr. Kamani, is clearly not in a position to end these; and
- return to a winning mentality at boohoo. Mr. Ashley, Mr. Lennon and Frasers continue to believe strongly in the potential of the boohoo business and its brands, but change at the top is required to realise this potential.

### 4. The current Board – a performance history to be ashamed of

- While Dan Finley, boohoo's new CEO, is entirely new to a leadership role at a public company, boohoo's other directors are not. In particular, Carol Kane, Stephen Morana, John Goold, Iain McDonald and Alistair McGeorge have all been directors of other public companies.
- Analysing their individual track records, **each one of these directors has lost shareholders money** based on the annualised return from all previous directorships. On average, **this group of directors collectively lose shareholders over 19% of their**

**investment for every year** they are involved based on all previous directorships.<sup>2</sup> Further details can be found by [clicking here](#).

**Annualised Total Shareholder Return Generation**



- As for boohoo, we consider that the other directors, Mr. Kamani, Tim Morris and Kirsty Britz, can share the blame for its disastrous multi-year share price performance.

<sup>2</sup> Annualised average return based on the share price performance of each listed company they previously held during the period in which they were a director.



- By way of comparison, over the last five years, Frasers’ cumulative total shareholder return<sup>3</sup> is 122.9%, or 17.4% on an annualised basis. This does not include the nearly £800 million that Frasers has also returned to shareholders through buybacks. Over the last five years, Frasers’ share price has increased 122% compared to boohoo’s decline over the same period of 90%. Frasers, led by Mr. Ashley until 2022 and now by Michael Murray, has a proven track record, across 17 years as a publicly listed business, for deploying its capital and generating strong returns for investors, and this is a fundamental pillar of its investment case.

## 5. Further supply chain allegations at boohoo – deeply troubling

- The Telegraph reported on Sunday, 17 November 2024 that boohoo is “*facing fresh governance criticism after reviving ties with a manufacturer it had axed in the wake of its modern slavery scandal*”.<sup>4</sup>
- If the allegations are true, **all boohoo shareholders should be very concerned about the continuing governance failures that are yet again occurring at boohoo. The Board, led by Mr. Kamani, must take responsibility for whatever scandals have taken place.**

<sup>3</sup> On a ‘simple’ total shareholder return basis, i.e. assuming no re-investment of dividends.

<sup>4</sup> “Boohoo under fire after bringing back struck-off supplier”, The Telegraph, 17 November 2024.

## 6. Boohoo's Circular – a litany of desperate and baseless claims

- In the Circular, the Board made a number of desperate and baseless claims against Frasers, Mr. Ashley and Mr. Lennon. While Frasers does not typically respond to claims of this nature, we have set out in the Appendix to this letter our clear responses to the most egregious of these claims.
- It is clear that the Board is clutching at straws in its attempt to try to find reasons not to appoint Mr. Ashley and Mr. Lennon to the Board. We ask you, our fellow shareholders to consider this: **is the Board, and in particular Mr. Kamani, worried about what Mr. Ashley and Mr. Lennon will find?**

## 7. Conflicts and competition? – Not an issue!

- The Board has expressed concern that Mr. Ashley's appointment may cause an issue from a governance, conflicts or competition law perspective. Frasers has denied this from the beginning.
- Frasers has today published the legal opinion of a leading King's Counsel who has extensive competition law experience. **This advice is extremely clear. There are no competition law issues with regard to Mr. Ashley's appointment as a director of boohoo.** Frasers has published this advice so that its fellow boohoo shareholders can read this for themselves.
- Robert O'Donoghue K.C. states: "*There is no competition law issue, nor even a realistically arguable one.*" The full text of his advice can be found by [clicking here](#). This opinion is being made available by Frasers to other shareholders of boohoo in order to assist them with their consideration of certain points raised by the Board. By making this opinion available, Frasers does not waive legal privilege in any other document, communication or advice.
- This legal opinion also contains a protocol that clearly addresses any potential conflicts of interest concerns that may arise from Mr. Ashley's appointment to the Board. This protocol includes that, for so long as Mr. Ashley is on the Board, Mr. Ashley is willing to agree that he will not:

- provide any confidential information he receives in his capacity as a director of boohoo to any employee, officer or director of Frasers;
  - take on any board position at Frasers;
  - participate in any discussions of the board of Frasers or Frasers' executives regarding boohoo or its business; and
  - take on any board position at any competitor of boohoo.
- Frasers' view is that the Board raised alleged governance and competition law concerns as an excuse not to appoint Mr. Ashley as a director of boohoo, and not because there are any actual issues. **The advice, which is unequivocal, confirms this regarding competition law and Frasers is confident that it has similarly addressed all governance and conflicts concerns.**
  - Frasers has also today responded to boohoo's legal advisers addressing the questions raised by them.

### **boohoodeservesbetter.com**

Frasers reminds its fellow shareholders that it has established a dedicated website where they can easily access all relevant information and materials with regards to Frasers' solution to the chaos at boohoo: [www.boohoodeservesbetter.com](http://www.boohoodeservesbetter.com).

### **Conclusion**

Shareholders have lost money and there is justified disappointment with and distrust of the current leadership, in particular, Mr. Kamani. With the appointment of Mr. Ashley and Mr. Lennon, boohoo has the potential to become a valuable and profitable business.

Boohoo urgently needs a reset, and the upcoming Shareholder Meeting is your opportunity finally to unlock the Company's incredible potential. Join us in helping boohoo get back on track.

**VOTE IN FAVOUR** of the proposed resolutions at the Shareholder Meeting.

Yours sincerely,

Signed by:  
*Chris Wootton*  
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Chris Wootton  
Director  
For and on behalf of **Frasers Group plc**

F R A S E R S   G R O U P

**Appendix – Frasers’ responses to the desperate and baseless claims made by the Board in the Circular**

**1. The Board did not want shareholders to have a say on who should be CEO**

- In light of the leadership void created by the surprise resignation of boohoo’s previous CEO in October, Frasers requisitioned a shareholder meeting of boohoo and asked shareholders to vote to appoint Mr. Ashley as both a director and the CEO of boohoo.
- While the Board has to give boohoo shareholders an opportunity to vote to appoint Mr. Ashley as a director of boohoo at the Shareholder Meeting, the Board has refused to give shareholders an opportunity to vote to appoint Mr. Ashley as boohoo’s CEO. The reason given was that a legal technicality prevents such a resolution from being “properly moved”, as executive appointments are technically matters for the Board.
- Frasers is very disappointed that the Board has refused to give shareholders an opportunity to vote on this extremely crucial matter.

**2. The Board does not have a “credible plan” or any other kind of plan**

- The Board states that it has a “credible plan” to unlock and maximise value for shareholders. However, on boohoo’s earnings call on 14 November 2024, Mr. Finley didn’t explain any such plan, and instead noted that he “*looks forward to sort of sharing more plans in detail*” at a capital markets day to be scheduled for some time in Q1 2025.
- It is clear to all that there is no plan, and without Mr. Ashley and Mr. Lennon on the Board, there is no hope.

**3. The Board is not acting in the best interests of all shareholders**

- The Board states that it is not deliberately seeking confrontation with Frasers. Is it doing this accidentally?
- Since Dan Finley’s appointment, Frasers has asked to meet him but this has been refused, even though Mr. Finley is meeting with other shareholders.
- It is clear to all that urgent change at the top of boohoo is required and that change is in the interests of all shareholders. That is also why Frasers asked the Board to publicly confirm that boohoo will not make a disposal of any asset or business line, in whole or

in part, without prior shareholder approval. We note that the Board has yet to provide this confirmation.

- The Board states that it needs to act in the interests of all shareholders. Frasers agrees. Why, then, will the Board not publicly confirm that boohoo will not make any such disposals without prior shareholder approval? Why did it not give shareholders an opportunity to vote to appoint Mr. Ashley as boohoo's CEO?

#### 4. **boohoo agreed that Frasers Plus would be used on boohoo's platforms**

- Frasers has not sought to leverage its position by pushing boohoo to adopt Frasers Plus. boohoo agreed to use Frasers Plus as part of its credit offering on its retail platforms from Q1 of this year and has been working (we assumed in good faith) with Frasers for the product to be launched.

#### 5. **Frasers has an exemplary track record**

- As has been presented to the market many times, Frasers' approach to its strategic investments is based on simple foundations of financial discipline, an assessment which leverages Frasers' experience as a leading global retailer and, where appropriate, mutually beneficial commercial relationships. Whether investing in its brands, Frasers' operational capabilities, acquisitions, strategic investments or simply returning cash to shareholders, Frasers is focused on its use of capital. As highlighted in Frasers' most recent investor presentation, despite a multitude of market headwinds, since 2016, Frasers has deployed in excess of £3 billion whilst successfully more than doubling its profits.
- Whilst Frasers is disciplined in its investment approach, on a handful of occasions its investments have unfortunately run into difficulties. Frasers will always look to leverage its unique experience in retail, provide support, and 'challenge', where appropriate, in particular when its strategic investments are facing difficulties. That said, it is only in a handful of scenarios where Frasers will seek to make significant changes, such as advocate for board changes or a pivot in strategy. Similarly, as part of Frasers' investment thesis, Frasers will always look to explore mutually beneficial commercial relationships. If there is a pathway to creating value for all stakeholders, it is logical that it should always be explored. As rightly pointed out by the Board in all of the scenarios they have highlighted, Studio Retail ("**Studio**"), Matches Fashion ("**Matches**") and Base Childrens Wear ("**Base**"), the board and management teams of

the respective businesses drove them all into administration, leaving Frasers with no choice but to pick up the pieces.

- It is, in fact, testament to Frasers' investment thesis that it has been willing to invest in and double down on those investments that have gone into administration. The further investment is a recognition of the quality and conviction Frasers has in its positions and that with proper oversight, they can be rejuvenated and grow. Of course, unfortunately this is not always the case, hence Frasers will always stick to its principle of financial discipline.
- Whilst Frasers supported the boohoo capital raise to ensure its stake was not diluted, Frasers is not willing to let that same fact pattern occur at boohoo as occurred at Studio, Matches and Base.

**6. Frasers is supportive of the Board running a proper process for any disposals**

- Not only is Frasers fully supportive of this, but, as noted above, Frasers asked the Board to publicly confirm that boohoo will not make a disposal of any asset or business line, in whole or in part, without prior shareholder approval.

**7. Frasers has provided an alternative proposal on how to unlock shareholder value**

- Frasers' proposal is, as the Board has acknowledged, for one of the most successful retailers in the UK to be appointed as a director to solve the chaos at boohoo and to turn the ship around.

**8. The timing of Frasers' requisition of the Shareholder Meeting was not a coincidence**

- The Board states that Frasers' requisition of the Shareholder Meeting came at the point where the boohoo group had "refinanced its debts, appointed Dan as [its] CEO and launched [its] business review".
- The reference to Mr. Finley's appointment is patently untrue. Frasers requisitioned the Shareholder Meeting on 23 October 2024, and Mr. Finley's appointment wasn't announced until over a week later on 1 November 2024.
- The Board is, for once, correct in stating that the timing of Frasers' requisition was no coincidence. It was triggered by two matters disclosed to the market in boohoo's 'Business Update' announcement on 18 October 2024: (1) the surprise resignation of boohoo's former CEO, creating a leadership void and leaving the Board without

leadership experienced at managing the problems of a multi-brand group under financial pressure; and (2) the debt refinancing, which was an appalling outcome for shareholders, reducing capital and resulting in an impediment on boohoo's return to profitability.

**9. Mr. Lennon's vast and varied experience will be an asset to the Board**

- The Board selectively disclosed Mr. Lennon's experience. In addition to being a restructuring expert, Mr. Lennon has over a decade of experience in advising corporates. He has been involved in a number of Independent Business and Viability Reviews ("**IBRs**") and other solvent assignments involving balance sheet restructuring, options reviews, liquidity management, and financial forecasting.
- Most of the IBRs are large and complex by their nature, which almost always involve careful stakeholder management including of lenders, shareholders and key operational partners. The IBRs span many different sectors and the Board should welcome Mr. Lennon's broad expertise at a time when an internal strategic and financing review is underway at boohoo.
- Frasers considers that any criticism of Mr. Lennon's appropriateness to be risible, in light of the current Board's utter mis-management of boohoo.
- Given boohoo's need to manage its capital situation tightly, Mr. Lennon is an ideal appointment to the Board to stop this situation getting further out of hand.