



16 January 2023

## **Business Update and announcement of successful Recapitalisation Transaction**

***£257m day-1 gross debt reduction***  
***Extension of debt maturities to 2027***  
***£100m of new capital to invest in growth***

Matalan, a leading omni-channel fashion and homeware retailer of family value, is pleased to announce that it has finalised the terms of a comprehensive recapitalisation transaction backed by the holders of Matalan's First Lien Secured Notes representing over 70% of the outstanding amount and led by Invesco, Man GLG, Napier Park and Tresidor. This agreement marks the conclusion of the strategic sales process launched on 26 September 2022.

In summary, the transaction delivers a de-levered and sustainable balance sheet, a substantial injection of new capital and meaningful maturity runway, providing a platform to drive a return to strong and sustained growth.

- Significant reduction in gross debt from £593 million to £336 million, a day-1 reduction of £257 million
- Up to £100 million of new capital to support delivery of our strategy and exciting growth ambitions
- Financing runway for the next 4 years, with the earliest maturity in January 2027
- A flexible debt package which provides committed, undrawn funding, additional basket capacity and a range of downside protections

Detailed terms of the transaction are being published today on [matalan.co.uk](http://matalan.co.uk), together with trading results for the 13 weeks to 26 November 2022, commentary on recent trading, and an update to the four-year business plan. The transaction is scheduled to complete on 26 January 2023 at which point ownership of the business will transfer to the noteholders.

The recapitalisation provides a stable and sustainable balance sheet. As a result, Matalan will be more resilient and better positioned to invest in, and take advantage of, future business opportunities and execute on its strategic business plan. Going forward, the transaction will support the ongoing development and enhancement of our stores, logistics network and website, all of which are unaffected directly by the transaction. We remain thankful for the ongoing support and commitment from our colleagues, suppliers and other partners as we reinvigorate the business and continue to deliver the exceptional customer value that Matalan is famous for.

Invesco, one of the world's best-regarded investment managers with \$1.4 trillion of assets under management, issued the following statement on behalf of the Ad Hoc Group of Noteholders:

*"Invesco has been an investor in Matalan for over ten years and is excited about the prospects for the business. Having been one of the investors who supported Matalan with additional financing during the Coronavirus pandemic, Invesco is now pleased to play its role in this transaction by ensuring that the debt burden carried by the group will be very substantially reduced. Present market conditions are challenging for many retailers, but Matalan is a large and successful business with clear strategic objectives and many compelling growth opportunities. Our firm, and the other First Lien Noteholders who are backing Matalan, have huge confidence in the prospects for the business."*

Stephen Hill, Matalan CFO, on behalf of Matalan's Board of Directors, commented:

*"Matalan is a fantastic business and I am pleased that with the support of our First Lien Noteholders, its ongoing future has been secured via a materially lower level of debt and a reset balance sheet. As we transition to new ownership and having worked with John and the Hargreaves family for over 20 years, it would be remiss not to emphasise the contribution they have made to building the great business we have today and the many opportunities that lie ahead. On behalf of the Matalan team, I would like to express our sincere thanks and appreciation."*

*It is clear in our third quarter and recent trading performance that whilst the market remains challenging, customers have demonstrated a strong affinity to our brand and proposition, evidenced from our robust and ongoing sales growth. However, the business must continue to adapt its approach to such market conditions, increasing its level of agility and margin resilience. Many of the actions associated with this have already been taken as we move towards Spring. As we now enter a new chapter in Matalan's journey, the Board is pleased to partner with our First Lien Noteholders, already longstanding investors in the business, to deliver continued profitable operations and performance recovery, ongoing strategic development and our material growth ambitions."*

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