At end of year 128,686 1,286,863,381
Allotted under share option schemes
At start of year
likely than not an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.
The Company is subject to litigation from time to time as a result of its activities. The Company establishes provisions in
under a letting arrangement with the Company.

Within one year
operating leases are as follows:
The future aggregate minimum lease payments under non-cancellable
11 OPERATING LEASE COMMITMENTS
of the Executive Share Option Plan (“ESOP”) and the Share Incentive Plan (“SIP”). (2016: the PSP, the ESOP and the SIP).
Share option schemes
£1.0 million (2016: £0.2 million).
1,400,000 shares on 3 November 2016 at a cost of 54.9 pence per share. The cost of the shares held at the year end was
Debenhams Retail Employee Trust 2004 1,673,537
The market value of the shares at 2 September 2017 was £0.7 million for the DRET (2016: £0.2 million). DRET purchased

Debenhams plc Annual Report & Accounts 2017
www.debenhams.com

For the financial year ended 2 September 2017
Notes to the Company financial statements

10 CALLED UP SHARE CAPITAL
The amortisation charge relating to the issue costs of the revolving credit facility was £0.7 million for the year ended
During the current and prior financial years, the Company has complied with its covenants relating to its credit facilities.

9 BORROWINGS CONTINUED

Additional Information

Store list

UK
Aberdeen
Ayr
Banbridge
Bangor
Barnstaple
Basingstoke
Bedford
Belfast
Beverley
Birmingham
Blackpool
Bolton
Borehamwood
Bournemouth
Bradford
Brighton
Bristol
Bromley
Bury
Bury St Edmunds
Cambridge
Canterbury
Cardiff
Carlisle
Carmarthen
Chatham
Chelmsford
Chessington
Chester
Chesterfield
Chipping
Coventry
Crawley
Croydon
Derby
Doncaster
Dumfries
Dundee
Dunfermline
East Kilbride
Eastbourne
Edinburgh
Eltham
Exeter
Falkirk
Fareham
Farnborough
Folkestone
Foyle
Gateshead –
Metro Centre
Glasgow
Glasgow Silverburn
Gloucester
Gravesend
Great Yarmouth
Guildford
Hanley
Harrogate
Harrow
Hastings
Haverfordwest
Hemel Hempstead
Hereford
Hounsdown
Hull
Iford
Inverness
Ipswich
Kidderminster
King’s Lynn
Kirkcaldy
Lakeside
Leamington Spa
Leeds – City Centre
Leeds – White Rose
Leicester
Leith
Lichfield
Lincoln
Liverpool
Livingston
Llandudno
Llanelli
London – Oxford
Street
London – Westfield
Luton
Manchester
Manchester –
Trafford Park
Mansfield
Merryhill
Merthyr Tydfil
Middlesbrough
Milton Keynes
Monks Cross
Newbury – Parkway
Newcastle-upon-Tyne
Newport
Newry
Northampton
Norwich
Nottingham
Nuneaton
Oldham
Orpington
Oxford
Perth
Plymouth
Portsmouth
Prenton
Reading
Redditch
Romford
Rugby
Rushmere
Salisbury
Scarborough
Scunthorpe
Sheffield
Shefford –
Meadowhall
Slough
Southampton
Southend
Southport
Southsea
South Shields
Staines
Stevenage
Stirling
Stockport
Stockton
Stratford-on-Avon
Sunderland
Sutton
Swansea
Swindon
Taunton
Teesside
Torquay
Truro
Uxbridge
Wadebridge
Walsall
London –
Northwood
Warrington
Welwyn Garden City
Westwood Cross
Weymouth
Wigan
Wimbledon
Windsor
Woking
Wolverhampton
Worcester
Workington
Worth
Wrexham
York
International
Magasin du Nord
Athens
Copenhagen – Field’s
Copenhagen –
Kgs Nytorv
Lyngby
Odense
Redovre
Republic of Ireland
Dublin – Mahon Point
Dublin – Patrick Street
Dublin – Blackrock
Dublin –
 Blanchardstown
Dublin – Henry Street
Dublin – Tallaght
Galway
Limerick
Newbridge
Tallaght
Waterford
Franchise stores
Armenia
Yerevan
Australia
Melbourne
Bahrain
Manama
Bulgaria
Sofia – Bulgaria Mall
Cyprus
Apollon
Central
Engomi
Korivos
Nicosia
Olympia
Zenon
Egypt
Alexandria
Cairo, Festival City
Estonia
Tallinn
Gibraltar
Indonesia
Jakarta – Senayan City
Iran
Isfahan
 Mashad
Shiraz
Tehran
Tehran – Jame Jam
Jordan
Amman
Kuwait
Airport
Avenues
Gate Mall
Souq Sharq
Latvia
Spice Mall
Libya
Tripoli
Malaysia
Kuala Lumpur –
Star Hill
Kuala Lumpur –
The Curve
Penang
Malta
Paola
Tigne Point
Pakistan
Karachi
Philippines
Davao Abreeza Mall
Manila – ECC
Manila – Glorietta
Manila – Shangri La
Manila – Trinoma
Paesco Santa Rosa
Qatar
Doha
Mall of Qatar
Saudi Arabia
Dammam Othiam
Herr
Jeddah – Bin Homran
Jeddah – Mall of
Arabia
Madina Al Noor
Red Sea Mall
Riyadh – Gallery Mall
Riyadh – Granada Mall
Riyadh – Kingdom Mall
Riyadh – Rabwa
Turkey
Istanbul – Cevahir
Istanbul – Mall of
Istanbul
UAE
Abu Dhabi – Dalma
Abu Dhabi –
Khalidiya Mall
Dubai – Deira
Dubai – Dubai Mall
Dubai – Ibn Battuta
Dubai – Mall of
Emirates
Dubai – Midiff
Sharjah Sahara Centre
Yas Island

Stores as at Report Date.
ALTERNATIVE PERFORMANCE MEASURES

In reporting financial information, the Group presents alternative performance measures, “APMs”, which are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies’ APMs including those in the Group’s industry. The key APMs that the Group uses are outlined below.

<table>
<thead>
<tr>
<th>APM</th>
<th>Closest equivalent IFRS measure</th>
<th>Reconciling items to IFRS measure</th>
<th>Definition and purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income statement measures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross transaction value (GTV)</td>
<td>No direct equivalent</td>
<td>Refer to definition</td>
<td>Gross transaction value is calculated as sales (excluding VAT) on a gross basis before adjusting for concessions, consignments and staff discounts. Management believe that gross transaction value represents a good guide to the overall activity of the Group. The calculation of this measure is outlined in note 3.</td>
</tr>
<tr>
<td>Like-for-like sales movement</td>
<td>No direct equivalent</td>
<td>Refer to definition</td>
<td>Like-for-like sales movement relates to sales from stores which have been open for more than 12 months plus digital sales. It is a widely used indicator of a retailer’s current trading performance and is important when comparing growth between retailers that have different profiles of expansion, disposals and closures. A reconciliation of these percentages is shown below:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>UK stores</strong> (1.5%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>UK digital</strong> +1.4%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>International</strong> (0.1%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Like-for-like-sales – constant currency</strong> (0.2%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Exchange rate impact</strong> +2.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Like-for-like sales movement – reported</strong> +2.1%</td>
</tr>
<tr>
<td><strong>Digital like-for-like sales movement</strong></td>
<td>No direct equivalent</td>
<td>Refer to definition</td>
<td>Digital like-for-like sales movement measures the movement in online GTV. This measure is used in tracking Group digital sales performance.</td>
</tr>
<tr>
<td><strong>Online mobile mix</strong></td>
<td>No direct equivalent</td>
<td>Refer to definition</td>
<td>Online mobile mix is calculated as GTV generated from smartphone and tablet devices as a percentage of total online GTV and is used to track Group digital sales performance.</td>
</tr>
</tbody>
</table>
### Income statement measures continued

<table>
<thead>
<tr>
<th>APM</th>
<th>Closest equivalent IFRS measure</th>
<th>Reconciling items to IFRS measure</th>
<th>Definition and purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full price sell-through</td>
<td>No direct equivalent</td>
<td>Refer to definition</td>
<td>Full price sell-through is the number of units sold in store or online at the original selling price, as a percentage of the total units sold. This measure is used in tracking Group sales performance and in managing inventory turn.</td>
</tr>
<tr>
<td>Gross margin</td>
<td>Not defined within IFRS.</td>
<td>Refer to definition</td>
<td>Gross margin is calculated as GTV less the value of cost of goods sold, as a percentage of GTV. The gross profit used in this calculation is based on an internal measure of margin and is a key internal management metric for assessing division performance.</td>
</tr>
<tr>
<td>Underlying Group EBITDA</td>
<td>Not defined within IFRS.</td>
<td>Refer to definition</td>
<td>Underlying Group EBITDA is calculated as profit before interest, tax, depreciation, amortisation and profit/loss on disposal of assets, asset write offs and exceptional items. Underlying Group EBITDA is used as an operating performance measure and is used in calculating financial leverage targets (net debt to underlying Group EBITDA). A reconciliation of underlying Group EBITDA to operating profit before exceptional items is shown below:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit before exceptional items</td>
<td>107.5</td>
</tr>
<tr>
<td>Add: non-exceptional depreciation and amortisation</td>
<td>109.3</td>
</tr>
<tr>
<td>Add: non-exceptional loss on disposal of assets and asset write offs</td>
<td>0.2</td>
</tr>
<tr>
<td>Underlying Group EBITDA</td>
<td>217.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APM</th>
<th>Definition and purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying profit before tax</td>
<td>Profit before the impact of exceptional items and tax. The Group considers this to be an important measure of Group performance and is consistent with how business performance is reported to and assessed by the board and executive committee.</td>
</tr>
<tr>
<td>Underlying earnings per share</td>
<td>Profit after tax attributable to the owners of the parent and before the impact of exceptional items, divided by the weighted average number of ordinary shares in issue during the financial year. A reconciliation of earnings per share before the impact of exceptional items is provided in note 13.</td>
</tr>
<tr>
<td>Underlying diluted earnings per share</td>
<td>Profit after tax attributable to the owners of the parent and before the impact of exceptional items, divided by the weighted average number of ordinary shares in issue during the financial year adjusted for the effects of any potentially dilutive options. A reconciliation of diluted earnings per share before the impact of exceptional items is provided in note 13.</td>
</tr>
</tbody>
</table>
### Income statement measures continued

<table>
<thead>
<tr>
<th>APM</th>
<th>Closest equivalent IFRS measure</th>
<th>Reconciling items to IFRS measure</th>
<th>Definition and purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>52 weeks ended 2 September 2017</td>
<td>No direct equivalent</td>
<td>Refer to definition</td>
<td>The Group prepares its financial statements for the financial year ending on the nearest Saturday to 31 August of a given calendar year. Consequently the year ended 2 September 2017 is a 52 week year, with the comparative year ended 3 September 2016 being a 53 week year. In order to provide a meaningful comparison with this year’s 52 week period, all financial movements in commentary relative to the prior year are provided on a 52 week basis and exclude the 53rd week, unless otherwise noted. The Group considers that presentation of comparatives on this basis enables stakeholders to more appropriately compare the performance of the business year on year.</td>
</tr>
</tbody>
</table>

### Balance sheet measures

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>None</td>
<td>Refer to definition</td>
<td>Net debt comprises cash and cash equivalents and total borrowings (bank, bond and finance lease liabilities) net of unamortised fees. This measure is a good indication of the strength of the Group’s balance sheet position and is widely used by credit rating agencies. A reconciliation of net debt is provided in note 32.</td>
</tr>
</tbody>
</table>

### Tax measures

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective tax rate before exceptional items</td>
<td>Effective tax rate</td>
<td>Exceptional items and their tax impact (see note 7)</td>
<td>The effective tax rate before exceptional items is calculated as the total tax charge for the year excluding the tax impact of exceptional items divided by profit before tax before exceptional items. This provides an indication of the ongoing tax rate across the Group. The tax effect of exceptional items is provided in note 7.</td>
</tr>
</tbody>
</table>

### Other measures

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital employed</td>
<td>Net assets</td>
<td>Refer to definition</td>
<td>Capital employed is calculated as the net total of assets and liabilities reported in the financial statements excluding net debt and including a capitalised value of future store rental payments at an eight times multiple. This measure is used in the calculation of return on capital employed.</td>
</tr>
<tr>
<td>Underlying return on capital employed</td>
<td>Not defined within IFRS</td>
<td>Refer to definition</td>
<td>Return on capital employed (&quot;ROCE&quot;) is calculated as profit before rent expenses, interest, tax and before exceptional items divided by the average of opening and closing capital employed (excluding rent) then adjusted for the capitalised value of future store rental payments at an eight times multiple. This measure is used within the Group’s remuneration targets and measures the profitability of the Group relative to the size of the assets used to generate returns.</td>
</tr>
<tr>
<td>Net promoter score</td>
<td>Not defined in IFRS</td>
<td>Refer to definition</td>
<td>The Group’s net promoter score measures the willingness of customers to recommend the Group’s products or services to others. This measure is used for remuneration incentive purposes.</td>
</tr>
</tbody>
</table>
Concessions
Brands which are sold through our stores where the stock belongs to a third party concessionaire. They are found chiefly in clothing (e.g. Wallis, Oasis, Warehouse), accessories (e.g. Tripp luggage) and food (e.g. Costa Coffee).

Core brands
Brands designed and produced exclusively by Debenhams. They include brands such as The Collection, Mantaray, Maine New England and Red Herring. They are found in all product categories.

Designers at Debenhams
Exclusive diffusion ranges designed for Debenhams by leading international designers.

Direct sourcing
Sourcing from suppliers who own all or part of the supply chain processes.

Exceptional items in FY2017
Costs associated with a) the Strategic review and restructure and b) the Strategic warehouse restructuring.

Footfall
The number of people who visit our stores.

Free cash flow
Cash generated from operations before exceptional items less net cash used in investing activities.

Full price sell-through
The number of units sold in store or online at the original selling price, as a percentage of total units sold.

International brands
Brands such as Levi’s, Ben Sherman, Clarins and Estée Lauder for which Debenhams owns the stock.

International segment
Comprises sales to international franchise partners, sales from our stores in Denmark and the Republic of Ireland and digital sales to addresses outside of the UK.

Market share
The percentage of the market or market segment that is being serviced by Debenhams. For instance, if 100 T-shirts were sold a year in the UK and Debenhams sold ten of them, it would have 10% market share.

Multi-channel
Multi-channel sales comprise those from digital and in-store ordering as well as those which include more than one channel in a single shopping journey such as click & collect.

Own bought brands
Brands for which Debenhams owns the stock. They include core brands, Designers at Debenhams and international brands.

Own brands
Debenhams’ exclusive brands, comprising core brands and Designers at Debenhams.

Retail method of inventory valuation
An industry specific accounting method used to derive a weighted average product cost. Product cost and retail values are aggregated at department level to determine an average margin per department. These margins are then applied to the retail value of inventory in each department to derive the cost of inventory.

Terminal stock
The stock, as at the balance sheet date, which is classified as previous season or older. It is expressed as a percentage of total stock measured at retail value.

UK segment
Comprises sales from our UK stores and online sales to UK addresses.
REGISTERED OFFICE
10 Brock Street
Regent’s Place
London NW1 3FG
Registered in England and Wales
Company number: 5448421

FINANCIAL ADVISORS
Lazard
50 Stratton Street
London W1J 8LL

STOCKBROKERS
Citigroup Global Markets Limited
Citigroup Centre
Canada Square
London E14 5LB

Stifel Nicolaus Europe Limited
150 Cheapside
London EC2V 6ET

SOLICITORS
Freshfields Bruckhaus Deringer
65 Fleet Street
London EC4Y 1HS

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
1 Embankment Place
London WC2N 6RH

REGISTRARS
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 0371 384 2766
www.shareview.co.uk

CAUTIONARY STATEMENT
This report is intended to focus on matters which are relevant to the interests of shareholders of the Company. The purpose of this report is to assist shareholders in assessing the strategies adopted and performance delivered by the Company and the potential for those strategies to succeed. It should not be relied on by any other party for any other purpose.

Forward-looking statements are made in good faith, based on a number of assumptions concerning future events and information available to directors at the time of their approval of this report. These forward-looking statements should be treated with caution due to the inherent uncertainties underlying any such forward-looking information. The user of this report should not rely unduly on these forward-looking statements, which are not a guarantee of performance and which are subject to a number of uncertainties and other facts, many of which are outside the Company’s control and could cause actual events to differ materially from those in these statements. No guarantee can be given of future results, levels of activity, performance or achievements.