TED BAKER
LONDON

ANNUAL REPORT—'21
REWRITING THE SCRIPT

TB/AR–'21

Contents

TED BAKER TODAY

For more than 30 years Ted Baker has taken everything the world has thrown at it in its stride: the fickleness of changing fashions, the fortunes of boom and recession, the revolving door of bull and bear markets. But it is no secret the Company got itself into trouble in the last few years. We tackled these issues head on at the end of 2019 and put together a transformation strategy to turn the Company around. As we began to put the plan in place, the challenges the Company faced were intensified by the onset of the pandemic.

Since the end of March last year, it has felt like a ride on a rollercoaster that is still being built, as we hurtle towards the next gravity-defying loop. It has made what would have been a difficult year for Ted Baker far more challenging. Yet we have kept a collective level head and found a way through, ending this terribly challenging year with a grip on the business and a clear transformation strategy in motion. And, despite the difficult trading conditions, with much to celebrate and look forward to with a refinanced business, we have an exciting new vision for our product which takes the best of Ted Baker into the future, and an enduring love of the brand by our customers.

Read on as CEO Rachel Osborne tells the story of our year and our plans for the future.

Rewriting the script: transforming a business in a global pandemic

Quite simply, we began the year in a weak operational and financial position. In March, the pandemic amplified some of these weaknesses and has had a very obvious impact on our financial results. But, thanks to the combined efforts of the management team and team members, we faced up to the challenges and took action quickly. It started with the successful sale and lease back of our London head office, the Ugly Brown Building, and continued with a bank refinancing and an equity raise which, thanks to the continued support and belief of our shareholders, was hugely successful.

Rachel Osborne
Chief Executive Officer

"...thanks to the combined efforts of the management team and team members, we faced up to the challenges and took action quickly."

Our London head office, the Ugly Brown Building

The ongoing support of lenders and our suppliers was invaluable. As a result, the Group is in a strong cash position thanks to our refinancing efforts and intensive approach to cash management, which has given us the time to focus on the key issues facing the brand and the business.

Like many global lifestyle brands with a strong physical store presence, the financial story of our year doesn't make for easy reading, but I believe we are in a far stronger position today than we were 12 months ago. The brand's health is strong – we have fixed our foundations and hit the FY21 key performance indicators of our transformation strategy despite the pandemic. We have a new corporate mission to be the most engaging British lifestyle brand, which acts as our compass to take the Group forward over the next few years, supported by our values – being authentic, curious, courageous, inclusive and kind. We have also developed a new brand purpose that builds on Ted Baker's past and brings it up to date for today's customers.

> "We exist to create and celebrate the unexpected in the everyday."

TURNING CRISIS TO OUR ADVANTAGE

There is no doubt that the pandemic caught the world unprepared. The negative impact on trading from three lockdowns has affected just about every bricks-and-mortar retailer in the world. We were also hampered by product that, with its focus on formal and occasionwear rather than casual and leisurewear, was hit hardest by lockdown, particularly in the important festive trading season.

The easing of restrictions gave little respite, with our city centres empty and tourists virtually non-existent. Add in the challenges of heavy discounting online across global markets and inevitably margins are down, and our figures tell a frustrating trading story that belies the progress we have made with our transformation strategy. Here is an overview:

Group revenue was down year-on-year by 44.2%.[1]

With stores closed through lockdowns and some permanent closures where we could not reach acceptable commercial lease agreements with landlords, our reported retail sales decreased 42.2%, reflecting the reductions in footfall.

Wholesale and licence revenue decreased by 48.7%. This is a result of cautious ordering from store-based trustees since the beginning of the pandemic; Brexit-related shipping delays; and declines in certain product categories, particularly in formalwear and luggage.

Ted Baker operated eCommerce sales increased by 30.2%, and in the year we enhanced payment methods, improved trading mechanics and increased investment in digital media. Group eCommerce sales, which includes our partners, increased 22.0% and represented 57.0% of total retail sales (FY20: 27.0%).

1 Current year is a 53-week period to 30 January 2021 compared to a 52-week period to 25 January 2020.

Ted Baker at a glance

As in any year, the headline numbers don't tell the full story of what we have achieved. These pages give a more rounded picture of what has happened in Ted Baker over the last year.

Sales -44.2%

£352m

Underlying loss before tax

£(59.2)m

Loss before tax -38.8%

£(107.7)m

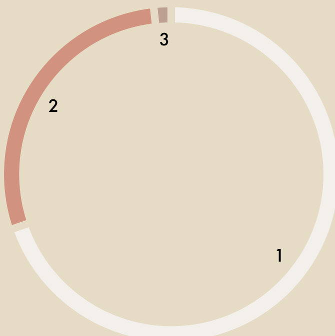
Underlying gross profit margin -140bps

54.2%

Our Spring/Summer '21 collection

Ted Baker this season is a bolt of colour and print, mixed with heritage detailing and textured fabrics. Hues of soft natural tones are matched with pops of dramatic proportions in event dressing and versatile daywear. New scaled-up florals are an important step towards the future design direction and we play with contrasting micro designs as well as modern casual wear with urban references. Menswear takes note of the modern dress codes of new work wear and softer deconstructed smart casualwear with elements of lux sport and new guest and wedding attire. Accessories continues to build on travel accessories and fun seasonal styles and detailing.

Sales by region

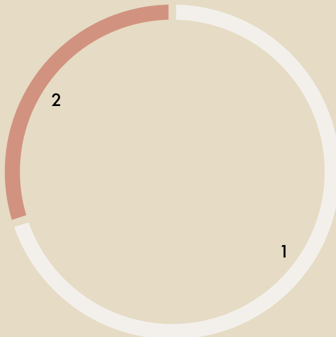


1 UK & Europe — 70.1%
2 North America — 29.2%
3 Rest of the World — 0.7%

Team members

2,158

Gender breakdown



1 Female — 1,506 (69.8%)
2 Male — 652 (30.2%)
Total — 2,158

eCommerce sales

£144.9m

Increase in eCommerce

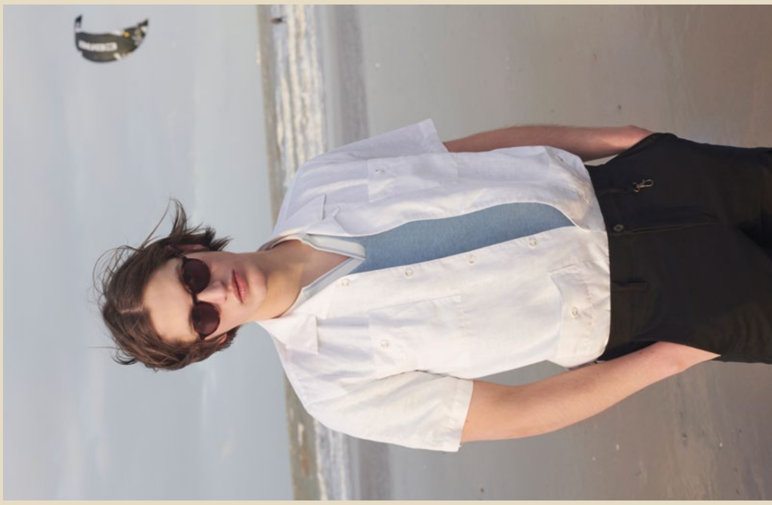
22.0%

eCommerce mix of retail sales

57.0%

Own stores

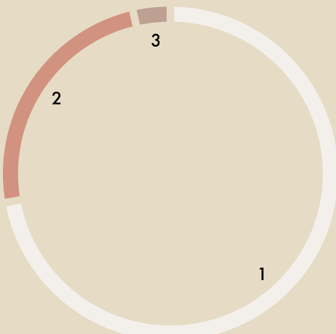
84



Concessions

269

Sales by channel



1 Retail — 72.3%
2 Wholesale — 24.2%
3 Licensing — 3.5%

Outlets

33

Net cash at year end

£66.7m

Brexit added to our challenges – we're now expecting £5 million of incremental costs associated with the deal agreed by the UK government. These figures reflect extra duty costs, after the mitigation of our new customs warehouse capability, which is now up and running.

However, the good news is that our underlying financial position at the end of the year is considerably better than we expected in the middle of the year. Figures from our China joint venture market, which are ahead of the UK, Europe and US in coming out of lockdown, are encouraging for what the future may hold for Ted Baker. Our China, Hong Kong and Macau joint venture had full year sales growth of 6% (with growth of 32% in mainland China) across stores and online channels, as the region emerges from Covid-19 restrictions.

Our net available liquidity at year end (30 January 2021) was £199.5 million, including £66.7 million in cash and £132.8 million of bank facilities. This is ahead of our expectations and in spite of the impact of the third UK lockdown.

As part of our strategy to strengthen the balance sheet, in March 2020 we reached an agreement to sell and lease back our head office, the Ugly Brown Building, with gross proceeds of £77.8 million. Alongside a bank refinancing, active capex control and working capital discipline, we raised gross proceeds of £105 million in a new equity issue in June 2020. This gained strong support from our shareholders, many of whom maintained or increased their shareholding, along with new investors attracted by the capital raise. Their welcome support meant we could move forward with confidence with our transformation strategy. This included hitting our upgraded cost savings targets of an expected £31.0 million of annualised payroll savings in FY22 against FY20, and £8.0 million of negotiated rent reductions in FY21. We also benefited from the support of the UK government furlough scheme, along with equivalent schemes around the world.

"With the balance sheet in good shape, we are confident our three-year transformation strategy and our financial targets will generate good shareholder value in the medium term."

With the balance sheet in good shape, we are confident that our three-year transformation strategy (Ted's Growth Formula) and our financial targets will generate good shareholder value in the medium term. The overarching aim is to make Ted Baker more profitable and more cash generative, and to drive higher returns on capital employed.

From an operational perspective, we have considerably strengthened our finance function under the leadership of David Wolffe, who joined Ted Baker in January 2020. Following the completion of the Deloitte LLP investigation into the legacy issue of the overstatement of inventory that came to light at the end of 2019, we set up an internal review (with external support). As a result, we brought in new measures to strengthen our control environment, and reorganised the finance function quickly and efficiently, which allowed us to focus on moving the business forward during the past year. For full details, please see the Audit & Risk Committee Report on page 72.

These are just the headlines – you can read the full detail in our Financial review on page 30.

FIXING THE FOUNDATIONS – A LAUNCH PAD FOR THE FUTURE

The pandemic gave us additional impetus to speed up the transformation strategy programme we had mapped out in early 2020 and set in motion in June 2020. With a strengthened balance sheet, we've been able to tackle some of the fundamental areas with speed. Reassuringly, the Ted Baker brand remains strong and much-loved by our customers, and we can see opportunities for future growth.

Our people at every level are the key to our future success – not least our strong leadership across every function. We have strengthened our new Executive Team, improving our capabilities across the board. To do this, we have hired some exceptional leaders to key positions alongside Chief Financial Officer David Wolffe. These include Anthony Cuthbertson as Global Creative Director, who is revitalising our product and taking the brand forward; Peter Collyer, our new Chief People Officer, who is modernising our HR function; Chief Customer Officer, Jennifer Roebuck, who is spearheading our customer, digital and omnichannel growth; and Helen Costello, who brings deep industry experience as Group Commercial & Business Development Director. Ari Hoffmann also joined as Chief Executive North America in the previous year, and brings extensive retail and brand experience.

All of them have already made a real difference in bringing our transformation strategy to life by focusing on three priorities:

- Refreshing and re-energising our brand and product
- Driving digital and capital-light investment to profitably grow where the customer is, through an omnichannel approach and leveraging licensing and partnerships
- Hitting our cost-out targets.

Refreshing our brand, creative direction and product
Ted Baker continues to hold a special place in the hearts of our customers, borne out by our positive brand-health scores. Our mission is to be the most engaging British lifestyle brand, building on the heritage of over three decades of unconventional elegance. We aim to bring the unexpected to the everyday by expanding our product range and relevance, bringing our loyal customers with us and attracting new ones.

The thing that people love about Ted Baker as a brand is the space it occupies between the unconventional and aspirational. This contradiction is the thread that runs through everything the brand does, giving us free rein to turn things on their head and engage people with a unique combination of style, optimism and discovery. At the same time, there is an elevated quality and elegance to Ted Baker clothing – an exuberance that is part of the brand DNA, that we will use to drive the brand forward.

Our recent brand refresh work identifies the joy in the everyday, the gleaming details that make people feel happy and special. It can be found throughout our products, from a hidden message embroidered in a pocket or other small details only the wearer would know about, to the elegant cut of a dress or lapel and the boldness of a lining. And this stays with our customers, creating a little everyday delight.

52%

Growth in total new customers

Since Anthony joined us in November 2020, he and his team have been working tirelessly, inspired by our brand purpose, to move our design and product forward to meet the changing demands of our customers living through the pandemic and beyond. There is a new focus on versatile and fashion-led casualwear, and a wider and deeper range in accessories, that brings greater relevance alongside our occasion and event-led ranges. We are now designing to a product pyramid and balancing entry price points alongside new higher range items, with more seasonal focus balanced by core and continuity ranges, topped off by a capsule collection – M/I/B.

Given the long lead times required for design, production and distribution of premium clothing, customers will start to see some early results of the evolving direction in May, June and July in the Spring/Summer '21 collection. Anthony's first full collection will land in Autumn/Winter '21. We have been showing these ranges in our newly redesigned showrooms and early feedback has been very positive and encouraging. In the meantime, we are looking at how we source products to reduce lead times, while maintaining the quality and integrity we are known for.

Investing where the customer is: our digital and capital-light transformation strategy
The digital and capital-light transformation strategy we began last year has already shown encouraging signs of what is possible for Ted Baker. We've seen some real wins with this key element of our strategy, both in eCommerce and with our licence partners investing their own money to support us in building the Ted Baker brand.

With stores closed for much of the year and many people working from home, it's no surprise that eCommerce performed well over the year. We have made significant improvements to our digital experience with the backdrop of a fast-moving market. This included a major upgrade of our payment options, bringing in Apple Pay, Google Pay, Klarna and local payment options. It also included introducing live chat/text and virtual appointments with our store team members, and online pre-booking of store appointments (when stores were open). We have added cross-merchandise shopping capability and sharpened our trading mechanics with more precise trading campaigns. These, combined with our higher investment in digital marketing to win new customers, have delivered an active eCommerce customer growth in the year of 44.0%.

The momentum in eCommerce from the first lockdown carried on over the year with improvements in our key metrics – total customer numbers, winning new customers, our online conversion rate and social media engagement. At the end of the year, the brand continued building on this, with web traffic up 31.6% and new customer growth of +49.0%.

Another strand in delivering capital-light growth is our product licensing business. This leverages the Ted Baker brand and delivered £12.4 million of gross profit in FY21. Its potential is huge. We signed two new product licence deals in the financial year. Following NEXT's successful start on our new childrenswear licence, we decided that they would be the most appropriate partner for our lingerie and nightwear. We have also signed up Baird Group as our new licensing partner for men's formalwear in the UK and Ireland. (This deal mirrors the successful relationship we have with Jack Victor in North America.) As a result, Ted Baker will no longer directly supply men's formalwear, which reduces our inventory risk for this product category and makes the most of our partners' expertise in sourcing and distribution.

We also strengthened our licensing partnership in bedding and towels, signing a three-year deal with Bedeck starting in January 2022. Their priority is to expand the global reach of Ted Baker in this category. In the UK, the new collections will be distributed through Bedeck's wholesale network across department stores, speciality home stores and independent retailers, in addition to their own retail platforms and Ted Baker's online platform. Bedeck also supports international sales via its distribution partners in countries including Australia, the Netherlands and Germany, with potential to expand further.

As well as working with product licence partners to broaden that part of our offering, we also have territory licence partners who expand our reach geographically. We extended our territory licence agreement with Al Futtaim Group in the Middle East for another ten years. This amplifies our relationship to include omnichannel distribution and an ambitious new store opening programme in the region.

PT Mitra Adiperkasa (MAP) signed up as a new territory licence partner for Indonesia. MAP has extensive retail and brand experience in the Indonesian market and has ambitious plans to grow the Ted Baker brand with us. The agreements with Al-Futtaim and MAP as territory licence partners for Middle East & North Africa and Indonesia, respectively, further deliver on our strategic priority of driving digital and capital-light growth. Licence partnerships are a key component of Ted Baker's three-year transformation strategy, which is designed to deliver a business that is more profitable, more cash generative and delivers a higher return on capital employed.

Following these new licence agreements, Ted Baker will have 17 retail licence partners and 20 product licence partners across the globe, extending a proven operating model that has supported our success as a global lifestyle brand.

Between them, territory licensees and joint venture partners have opened 15 new stores in the year around the world, including 7 in China.

521

Total Ted Baker branded stores and partner concessions, including joint ventures and franchises

Cut to fit: our successful cost-out programme

One of the key issues we identified in our cost review at the start of the year was that growth in operating expenses had outstripped sales growth over a number of years, with central and store costs above benchmark levels. This issue was highlighted further by the onset of the pandemic, as we brought in new ways of working. We began to undo years of siloed working in order to reap the benefits of cross-functional teamwork.

The programme has delivered expected annualised savings across our central and retail store payroll of £31.0 million, at a cash cost of £3.9 million, significantly lower than the £6.0 million cost we anticipated in July. These savings represent a 28% reduction and are higher than originally planned and it is no exaggeration to say this has been a challenging task, with many difficult decisions along the way. Our people are the backbone of our business and it was with a heavy heart that much of these cost savings had to come from redundancies. Unfortunately it was the only way to keep the business moving forward. Wherever possible we protected customer-facing roles and we are grateful to all those who remain with Ted Baker and continue to bring their passion, dedication and enthusiasm for the brand to work every day.

Covid-19 and government restrictions effectively changed consumer behaviour overnight and, like the rest of our industry, our stores were hit by multiple lockdowns and social distancing restrictions when open. We were particularly affected because most of our stores are in large city centres near offices, with very few in out-of-town retail parks, which, when open, saw less of a decline in footfall. To offset this, we negotiated £8.0 million in rent savings. This reflects the flexible nature of much of our retail space. We will continue rent renegotiations across our estate to reflect the new commercial realities as Covid-19 restrictions ease in the coming months.

EVOLVING OUR ESG PROGRAMME: LINING UP WITH THE WORLD ECONOMIC FORUM FRAMEWORK

Part of Ted Baker's enduring appeal is our care and concern for where our clothes come from, who makes them and how they are made. Today, the environmental, social and governance (ESG) agenda is not just front of mind for many customers, but also for investors and other stakeholders too. We are therefore developing our vision 'Fashioning a Better Future' for the role we want our brand and Company to play in the world. We're basing our approach on the World Economic Forum framework, which focuses on three pillars: people, prosperity and planet. We've made good progress in each area this year and we are on track to meet our medium-term sustainability objectives while we develop our long-term vision – a key element being the development of a carbon net zero strategy which we will launch in summer 2021.

Highlights of our ESG programme

- **People** – we have mapped 100% of our subcontracting units in our product supply chain and are committed to publishing this data in the year ahead. We have also created our inclusion strategy and launched a new career levelling framework. And our new Learning Experience platform was launched in March 2021.
- **Prosperity** – 69% of our cotton is now from sustainable sources, on track to be 100% sustainable by 2024. 17% of our total collection is now sustainable. We are on track for 100% of our leather to be supplied by Leather Working Group businesses by 2025. We have strengthened the due diligence of our ethical programme through membership of Ethical Trading Initiative (ETI) and SEDEX.
- **Planet** – we joined the British Retail Consortium's Climate Action Road Map and remain committed to setting Science Based Targets to reduce our carbon emissions. We have donated 100% of our unsold/damaged products for many years, diverting 21 tonnes of product from landfill in the last year; we are on track to using 100% of our eCommerce cardboard packaging from FSC sources and 50% of plastic packaging and hangers from recycled materials by 2022; we use 100% renewable energy in our UK stores and our head office, the Ugly Brown Building.

You can read more about our sustainability agenda on pages 34-47.

69%
Cotton from sustainable sources

27%
Leather from LWG sources

Nil
Terminal stock going to landfill

WHERE NEXT FOR THE GROUP?

We have achieved so much in the year; we have fixed our foundations and ended the year in a much stronger financial position both in terms of our balance sheet and embedding cost controls and working capital management controls. We've made some great progress on our strategic initiatives and delivered on our strategic KPIs. The team has worked hard and shown dynamism and agility throughout the year, despite all the challenges of remote working, a highly uncertain trading environment and the complexities of Covid-19.

Looking ahead to the future, we are starting to shift gear – away from fixing the foundations and spending more time on developing our runway for growth. We do this from a position where our brand health has improved over the last year and is as strong as it's ever been. Ted Baker is a lifestyle brand and we have permission from our customers to cover a broad set of categories. We already play in many different categories but are not yet getting our fair share of wallet. Our brand is global and travels well but we have tiny market share and relatively low brand awareness in many of our markets. We have the potential to be much bigger. Ted Baker is still at the very early stage of development in North America, China, India and Germany. These markets offer huge opportunities for us. And our digital transformation programme will see dramatic improvements in our eCommerce capabilities, which will open up new operating models and ways to market in the digital ecosystem.

What is certain is this has been a year none of us will forget. I'd like to thank the Board for their support and everyone on the Ted Baker team, including all our partners and customers – for keeping the faith and for their unfailing support of the new Executive Team, many of whom have been only faces on a screen so far. We couldn't have done it (or continue to do it) without you.

Rachel Osborne
Chief Executive Officer

Our Chair, John Barton

At the risk of stating the obvious, the last year has been hugely difficult for everyone, both in life and in business. For Ted Baker, the timing of the pandemic and lockdowns could not have been more difficult. With the internal challenges of the previous year largely resolved, but still fresh in people's minds, and the rapid escalation of Covid-19 restrictions in March 2020, these darkest of financial times had the potential to create a perfect storm for the business.

When I joined Ted Baker in July 2020, the world (and the Group) had already moved on. The new Executive Team was in place under the inspiring and steady hand of CEO Rachel Osborne. Each new appointment has been a little victory in its own right, bringing valuable experience and confidence to the Company. By this time, not only was the transformation strategy underway, but the team was also making real progress implementing key actions, at a time when much of the world had ground to a halt.

The team's approach to fixing our financial foundations involved implementing three crucial strategies: the sale and re-leasing of our head office, which released significant funds, coupled with a successful equity raise and refinance, all in the midst of a pandemic. There is no doubt in my mind these achievements made negotiating the financial turbulence and almost impossible trading conditions of the rest of the year manageable. As always, we could not have achieved any of this without the ongoing belief and support of our shareholders.

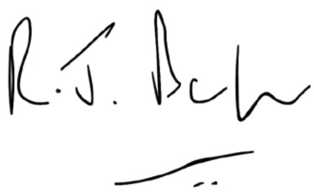
The team successfully implemented the cost-out plan, together with successful cash and working capital management, which has had a great effect on stabilising our financial foundations. Its success comes, of course, at the cost of a significant number of jobs and I would like to take this opportunity to thank the many long-serving team members who were part of the redundancies and to wish them all the best for the future. This was also hugely unsettling for the remaining team members, who were already wrestling with the challenges of working from home, and their continued enthusiasm and dedication to the brand has been an inspiration.

The second half of the year continued to heap challenge upon challenge, with a backdrop of uncertainty and the continually evolving government management of the pandemic and Brexit. This had a very real impact on our retail operations, but I am pleased to say everyone rose to those challenges. Excellent progress has been made with the investment in our hitherto weaker eCommerce operational capabilities, and we have already seen solid improvements and return on that investment.

My Board colleagues and I have been impressed with the work the team has done to refresh the Ted Baker brand, creating a rallying cry for everyone in the business. They have struck a real balance between bringing the brand up to date for the times, as well as making great strides in sustainability, while honouring the spirit that made Ted Baker so special in the first place. Our product refresh works hand-in-hand with this repositioning and I am excited to see how Anthony Cuthbertson and his team take things forward.

I would like to thank the Board for all the hard work they have put in over this difficult year. Each of my colleagues has worked tirelessly to support and challenge the Executive Team through every aspect of resetting the business. It takes time to settle into a working pattern, and we were additionally hampered by the virtual working circumstances. Nonetheless, we quickly built a high level of trust and created a supportive relationship that has helped to drive change through the business at speed.

All this speaks volumes about the resilience of both the Executive Team, our team members and the Ted Baker brand. We have learned many valuable lessons over the last year and made significant changes to the business. Although it has been extremely challenging at times, I and the Board are hugely encouraged by the progress the business has made. We continue to be excited about the possibilities for the future of Ted Baker as we move forward with our transformation strategy.



John Barton
Chair

TAKING TED BAKER INTO THE FUTURE

TAKING TED BAKER INTO THE FUTURE

Our business model

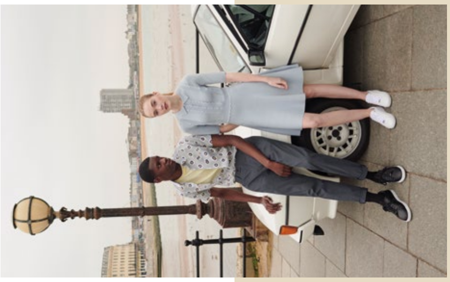
The Ted Baker difference

There really is no other brand that delivers the creativity, charm and quirkiness of Ted Baker. This golden thread has run through the brand for more than three decades. We have grown steadily from our origins as a single shirt specialist store in Glasgow, to the global brand we are today. Our aim is to build on this to make Ted Baker the most engaging British lifestyle brand in the world. We are here to create and celebrate the unexpected in the everyday.

Our unique strengths

1. Advantage Ted Baker – the brand

Our brand has been built over 30 years and remains strong. We have boosted it with our new brand purpose: we are here to create and celebrate the unexpected in the everyday. Our approach to design, cut, colour, pattern and materials delivers this in spades, with a sense of joy and uniquely British wit and wonder, supported by the gleaming details that tell an engaging and enduring story our customers love to be part of.

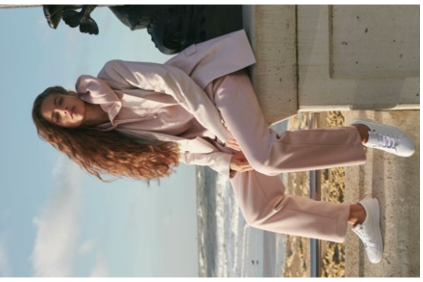


2. Strength in numbers – historical investment

In the toughest year for business in living memory, we successfully refinanced Ted Baker, put strong cash management processes in place, accomplished an equity raise and the sale and lease back of our head office, the Ugly Brown Building. Our net available liquidity at year end (30 January) was £199.5 million, including £66.7 million in cash and £132.8 million of bank facilities. This puts us ahead of our expectations, in spite of the impact of the third UK lockdown, and builds on our significant investment of >£65 million in the previous five years, including IT, infrastructure, warehousing and retail.

3. Our most valuable asset – our people

Our people are the backbone of Ted Baker. The strength of the Ted Baker 'family' and the commitment and passion of our team members have shone through this year, leading us to deliver on all of our Year 1 transformation targets, as part of Ted's Growth Formula. We have launched new global company values, inspired by the authenticity, courage, curiosity, kindness and inclusivity we see and want to develop more of in our people every day. We are building a new Inclusion Strategy, to create a working environment where diversity, inclusion and intersectionality are elevated; and we continue to invest in the wellbeing of our people, through a global online Wellbeing Hub and 60 Mental Health First Aiders trained to date. We are inspired by our team members who have built their long-term careers at Ted Baker and were proud to present 93 long service awards to team members around the world who have dedicated upwards of five years of service.



4. Transparent and fair – our supply chain

We are on track to hit our sustainability targets in the medium term – 17% of our collections are now sustainable. 100% of our leather will be sourced via the Leather Working Group by 2025.

5. Varied distribution and partnerships

We distribute through a strong mix of own stores, department stores, concessions, wholesale, and retail and product licences. All this, together with our joint ventures and online presence, allows us to reach our customers through a wide variety of channels.

Our values

We have adopted a clear set of values, drawn from the business itself rather than imposed from above. They are reflected in, and underpin, everything we do. During the pandemic, these behaviours have come to the fore on every front, and they are at the heart of our transformation strategy. We are always:

How we use these strengths

Design, source and make

Refreshing our clothes and accessories, guided by the DNA of the brand

Our Global Creative Director, Anthony Cuthbertson, explains more on page 16

Our customers

Retaining our current customers and attracting new ones

Chief Customer Officer, Jennifer Roebuck, shares her thoughts on page 14

Our Group Commercial & Business Development Director, Helen Costello, explains more on page 18

Sell

How we reach our customers

Retail — eCommerce — Wholesale — Licensing

The value we deliver

For our shareholders

We have a small number of large shareholders, along with many other individual shareholders, who continue to support our growth with their investment and belief in our brand.

For our partners

They are a vital part of our business and future plans.

We have over 200 wholesale partners, 20 product partners and 17 franchise partners in 31 countries around the world.

We have 90 Ted Baker suppliers, from Europe to Asia.

For our communities

We strive to give back to our communities and wider society. We are working with the British Retail Consortium (BRC) to make social mobility in retail a reality for thousands of people.

For our planet

We are developing a carbon net zero strategy and we joined the BRC Climate Action Road Map this year.

- Founding signatory of the WRAP Textile 2030 initiative
- Gave 21 tonnes of terminal stock to charities rather than sending to landfill
- All our UK stores and the Ugly Brown Building use 100% renewable energy.

AUTHENTIC **COURAGEOUS** **KIND**

CURIOUS **INCLUSIVE**

Our customers: meeting the future

Ted Baker's customers today and tomorrow

Everything we do, we do for them. We have a loyal cohort of customers who truly love the Ted Baker brand. And we're looking to expand our reach to draw new, younger customers into our world. Here our Chief Customer Officer, Jennifer Roebuck, shares her thoughts about our current customers and how we plan to stay close to them, while broadening our reach to new customers.

Jennifer Roebuck
Chief Customer Officer

"Ted Baker has always been focused on bringing the unexpected detail, experience and style to consumers. The output of our refresh strategy is focused on moving that unexpected design and experience forward just enough to still feel relevant to our core customers and appeal to new customers."

How do you attract new customers without putting off your core customers?

As a premium global lifestyle brand, we're not aiming for a drastic change, just shifting down in age a little towards the 28-45 year old customers. We're definitely not planning on becoming a youth brand any time soon. There are lots of moving parts we have to manage – it starts with building on our strengths, refreshing our product and our brand to be more relevant and versatile. It's more about broadening the category rather than trying to be all things to people of all ages.

How do our customers see the Ted Baker brand?

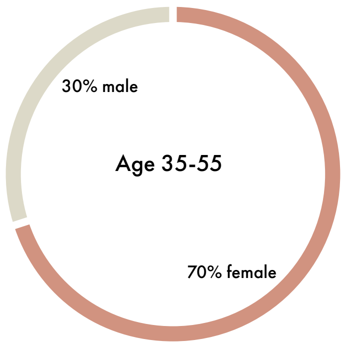
Our internal Net Promoter Score (NPS)* is in the top quartile; external scores put us in line with our peers, including some very well-known international brands. The handwriting of the Ted Baker brand is instantly recognisable, and we are focused on keeping that at our core as we refresh our product to make sure we don't alienate our core customers but can also attract new ones. We validate our thinking about the brand with quarterly Pulse reports, using simple things like word clouds to get to the heart of our customers' emotional sentiment towards the brand. And their response is surprisingly emotive – normally we would expect responses around style, utility and function but our number one tag is 'love'. This suggests an appreciation of the quality, trust and service that underpin Ted Baker as a brand. Looking back over the year, and considering everything that's happened, it's a fantastic indicator of our brand health.

*NPS measures customer perception on one simple question: How likely is it that you would recommend Ted Baker to a friend?

How do you plan to stay close to customers?

It's all about 'profitably growing where the customer is' – and that means across all channels. Over the last year we have invested in our digital channels to bring them up to speed – during the pandemic it has clearly become an even more vital piece of the retail jigsaw. We're working on giving customers the best experience wherever they engage with Ted Baker, while staying true to the brand and working out what the digital store of the future might look like. The market is hugely fragmented and competitive and there is a huge shift to digitise everything in our industry, from supply chain to reporting, operating model and distribution channels. Getting this right will underpin our strategic ambitions to get the brand, product and mix of product type right. We can't afford to live in an echo chamber, so we need to stay close to our customers and make sure we deliver what they are looking for quickly, without compromising quality or the integrity of the brand.

Who is the Ted Baker customer?



- Mid to upper income
- Predominantly UK but increasingly North America, Germany and other parts of Europe.

Design, source and make: the small things are the big things

Discover the gleaming details of our approach

New Global Creative Director Anthony Cuthbertson is leading Ted Baker's creative vision, embracing the past and moving the brand into a new era. Anthony and his team are focused on delivering unexpecTED details and moments across the brand and collections. Design is the heartland of the brand and Ted Baker has a new beat, creating the most inspirational cultural mix in Britain today. We asked him to discuss the opportunities (and challenges!) of his role.

Anthony Cuthbertson
Global Creative Director

"Now we have fixed our brand foundations, it is simpler to extend into casualwear while retaining that instantly recognisable, premium Ted Baker look."

How have you approached refreshing the collections?

It's totally about refreshing the best of what we have from the past – the strong brand and iconic pieces like the bow bags and florals – while bringing it up to speed for today. We talk about 'stretching our DNA', retaining the handwriting of the brand but designing in a smarter way. We're designing with a clearer focus on core pieces and a specific pricing structure, which we can easily expand into other areas. Now we have fixed our brand foundations, it is simpler to extend into casualwear while retaining that instantly recognisable, premium Ted Baker look established by our formal and occasionwear, with the little touches of colour and humour in the details. Things like secret messages embroidered in the pocket of a jacket or on the label that are something only the wearer knows about, and makes them feel really special.

What is it about the clothes that gives Ted Baker its premium positioning?

To maintain our premium positioning, it's important to source the best fabrics and other materials we can, but also to tell the story behind them, so people understand what they are paying for. We are working with some really tiny but mighty factories – for example there's a place that employs just 20 people, but they do the best raw denim jeans. Or there's a small sheepskin manufacturer that makes the most fantastic sheepskin jackets. Premium fashion has longer lead times, so, while we've been able to get some fresh ideas running through the Spring/Summer '21

The Ted Baker Factor: unique style in every collection

We have a wide range of collections. You name it, Ted Baker has it in standout style.

- Menswear
- Womenswear
- Formalwear
- Swimwear
- Accessories
- Bedding
- Childrenswear
- Eyewear
- Footwear
- Fragrance and Skinwear
- Gifting and Stationery
- Jewellery
- Lingerie and Sleepwear
- Luggage
- Neckwear
- Rugs
- Suiting
- Technical Accessories
- Watches

collection, the first full collection from me and my team, bringing all our ideas to life, will be Autumn/Winter '21. And we're already working on our Spring/Summer '22 collection, which will show even broader thinking and is very much focused on the future.

What challenges do you see ahead – and how do you feel about them?

We have to be careful not to spread ourselves too thinly. So we need to choose the right partners and stay focused on creating the best from the past while always looking forward. It all comes down to expressing the refreshed brand properly, retaining our reputation for formal and occasionwear but also changing things up to suit whatever the world looks like for our customers when the pandemic is over. We also have to make sure we have the right distribution channels in place. But this just makes it more exciting. When I first met the management team, everyone was eager for change. The past is the past and we need to move on, or the brand won't survive – it had started to lose relevance a few years ago. Now we're in the perfect place to build on the successes of the past and some of the historic best sellers, while creating new ranges that contain the same DNA but really excite people. We've started to do that with the M/I/B range and you'll see it across all our ranges and partnerships in the future.

Sell: sign of the times

Attracting buyers and customers with a brand and design that resonates

We asked Group Commercial & Business Development Director Helen Costello about the possibilities and opportunities of selling Ted Baker to the trade – agents, distributors, suppliers, end clients and product licensing partners – during, and beyond, the pandemic.

Helen Costello
Group Commercial & Business Development Director

"People are not buying for buying's sake, they're going to brands they feel part of, and trust, buying things that are contemporary, but will stay in the wardrobe for longer."

What do you think buyers (and by extension, customers) are looking for from Ted Baker?

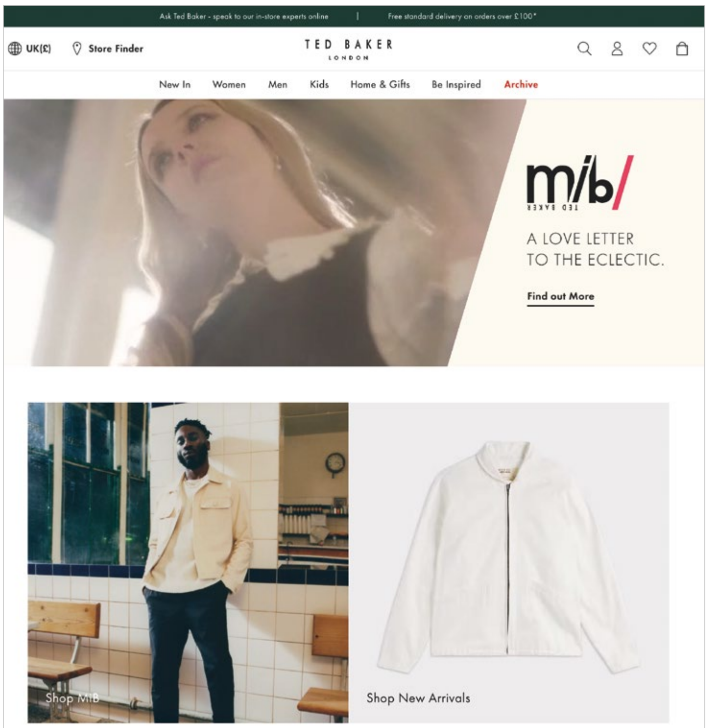
Beyond price, quality and clothes people really want to buy, it comes down to creating or rekindling a genuine connection with the brand. With all the uncertainties in the world, the big high street and fast fashion brands just don't resonate in the same way. It's a sign of the times. People are looking for an emotional link to a brand and – very relevant to sales to trade and the public – they want positivity. Buyers always say "Ooh, we love the pink!" but then they buy the safe blacks, blues and greys. But today we're seeing sales of more colour, more pink – people are being more adventurous. They want a bit of fun along with quality and interesting fabrics, trims and finishes. From a selling perspective, the openness, warmth and humour of Ted Baker is a real sweet spot. People are not buying for buying's sake, they're going to brands they feel part of, and trust; buying things that are contemporary, but will stay in the wardrobe for longer.

How are buyers responding to the positive changes at Ted Baker?

It's very exciting, everyone – small clients, big clients, suppliers, partners – wants us to succeed. The brand appeal is strong, and the fresh eyes of the new Executive Team and the strengthened financial position give them confidence that Ted Baker is heading in the right direction. 95% of the conversations I have with buyers end with them saying "We love Ted Baker"! They want us to regain our success and see us grow. The opportunity is to expand from people coming for specifics – a special shirt or dress – to coming to see what we're up to and buying into the brand in a broader way.

84 **Own stores**

33 **Outlets**



Bringing it all back home: how customers buy from us

Retail

521 stores and concessions worldwide

182 in the UK

99 in Europe

136 in North America (includes Canada)

31 in the Middle East

7 in Africa

57 in Asia

9 in Australasia

eCommerce

£144.9 million in sales generated by our eCommerce operations.

Wholesale

£52.4 million sales generated in the Rest of the World outside North America.

£32.8 million in sales generated by North American wholesale business.

Licence income

£12.4 million of gross profit from licensing around the world.

Our product licences include: Bedding; Childrenswear; Men's Underwear; Loungewear; Eyewear; Fragrance and Skincare; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Ted's Grooming Rooms; Technical Accessories; Wallpaper; and Watches

17 retail licence partners in **31** territories around the world.

And we are constantly reviewing our licensing business to make sure we work with the best in the business in their region.

269 **Concessions**

How has lockdown affected Ted Baker's relationships with buyers around the world?

It's meant creating a virtual showroom and it requires focus, agility and resourcefulness to walk people through the collection efficiently. Somehow, we have to replace that essential touch and feel of being in the showroom. It's here our reputation for quality stands us in good stead. People trust that what they see will carry through into the quality of the clothes themselves. I do think it'll have some lasting effects though – buyers probably won't travel so much, they won't need to come to the showroom four times a year, so we can be more focused and organised. Of course, we want to see them face-to-face, but the virtual route will save them a lot of time and money. I think we'll see things settle into a natural balance that makes the best of both real life and virtual worlds.

What is your focus this year?

To grow sales and global distribution, especially in untapped markets with a commercial approach that balances quality and quantity for our buyers. Also nurturing those external relationships by building on the warmth, humanity and relevance of the refreshed brand. It's a new chapter for us and a chance to reconnect and re-engage that will create a solid foundation we can scale up from and 'explode' in a good way. It's all about getting back to being the brand that we deserve to be.

Our strategy

Capturing the brilliant, unexpected, joyous moments that make up everyday British life

At the start of the year, it was clear the Ted Baker brand needed a bold approach to fix the foundations and transform the business. The strategy we developed then (launched as Ted's Growth Formula) has evolved now we've fixed the foundations and move into the next stage of rejuvenating our brand. With a clear path out of lockdown and the success of the vaccine roll-out, the world is ready for Ted Baker and we're ready for the world.

Our mission

To be the most engaging British lifestyle brand

Our brand purpose
What we are shooting for and how our brand purpose will guide us

Creating and celebrating the unexpected in the everyday

Building blocks for growth
The drivers that will help us continue to grow

Wins in FY21
What we've achieved so far

	Attract and retain more customers	Deliver the unexpected in the everyday	Expand our product and its relevance	Drive our digital and omnichannel growth	Profitably grow where the customer is
Building blocks for growth	Deliver deeper and broader relationships with new and existing customers, leading to long and rewarding connections that benefit them and us.	Re-energise the brand and creative, strengthening unconventional/aspirational positioning through innovation and consistency to increase brand awareness and consideration.	Make clothing more relevant to all day/week occasions, develop accessories, footwear and big licence partner categories.	An eCommerce offering that's as good as our online-only competitors, delivering omnichannel customer service and experiences. An estate of flexible, fit-for-market stores.	Take the brand to our current and new customers in key markets through profitable distribution and services.
Wins in FY21	— Acquired 929,000 new customers — Increased customer retention rate by 7.5% on rolling 12 months.	— Brand refresh rolling out across the business, building on the best of Ted Baker's past, fashioned for Ted Baker today and Ted Baker's future — Ongoing brand love from our customers.	— Appointment of new Global Creative Director whose first collection will be fully realised in Autumn/Winter '21.	— Launch new alternative payment methods — Launch of Live Commerce, first in our peer group — Launched HERO digital appointments.	— Review of licence partners and signing of top new partners, including: — UK: NEXT, Baird Group, Bedeck — China: rapid growth of joint venture business. — Built on solid financial position thanks to the continuing belief of our shareholders, as shown by our successful equity raise, and the sale of the head office.

The Ted Baker Way:
How we do things in our own unique way to achieve our goal

Smarter
Innovation and forward thinking: digital and data-led business model, outward and forward-looking

Together
People: be part of Team Ted Baker – high-performing, capable, collaborative and energised

Simpler
Commerciality: create a financially disciplined, commercial, agile, and effective organisation

REVIEW OF THE YEAR

REVIEW OF THE YEAR

Overcoming a year of obstacles to lay the foundations for growth

Ted Baker has come through a year of extraordinary challenges and the resulting financial headlines are substantial losses reflecting these exceptional circumstances. With the difficulties of the previous year fresh in mind, we didn't start the year anticipating an easy ride; but as soon as the course of the pandemic became clear, trading losses for the year became inevitable. We have done everything we can to mitigate this by moving quickly on key parts of our transformation strategy to protect the business.

David Wolffe
Chief Financial Officer

"What the headline figures don't show is what we have done this year to fix our financial foundations and position Ted Baker for the future."

£66.7m

Net cash at end of January 2021

THE POSITIVE STORY BEHIND THE NUMBERS

What the headline figures don't show is what we have done this year to fix our financial foundations and position Ted Baker for the future. Following the successful recapitalisation, our balance sheet is now very robust and will see us through whatever twists and turns the pandemic takes. We managed our operating cash flow carefully to reinforce the balance sheet. And we addressed our cost base to make Ted Baker leaner and more agile.

Balancing costs

There is always a tough balance to strike between cutting costs and maintaining capabilities and operational effectiveness. Our cost-out programme took an annualised £31.0 million out of our team member cost base but there were many challenges to getting the right balance, especially around payroll costs. We recognise the effect the loss of almost 1,000 jobs had, not only on the people who left us but also on those who remain, and I am grateful to them all for helping us through this difficult year. We could not have achieved our transformation strategy without the dedication of the current Ted Baker team, and I would like to thank everyone who has risen to the challenge of working more efficiently with fewer resources.

Keeping cash flow tight

We worked hard to balance the short-term challenges of cash flow through the pandemic with ensuring the long-term health of our business. We reduced our total number of suppliers and worked closely with long-standing suppliers to improve terms, extending timescales on delivery of pre-existing orders and redefining payment terms. The outcome was very positive for our business and reflects the trust we have built with our suppliers. Our landlords also played an important part in our cash management, sharing the pain of enforced closures and working with us to resolve uneconomic leases.

Transforming our finance function

Aside from the work to strengthen our balance sheet, we also began the transformation of our finance function to ensure it is an effective business partner, efficient, a guardian of business risk and controls, and fit to support our transformation strategy. We centralised our finance activities in London and New York and closed our finance unit in California. This not only saved costs, but gave us greater control for consistently better quality financial reporting. We also reconstituted our risk register and embraced a controls remediation programme that followed 2019's stock overstatement issue, supported by Deloitte LLP. Part of that was to bring the internal audit function back in-house, which significantly improves our governance by giving us greater oversight and control.

KEEPING UP THE MOMENTUM

As much as this Annual Report is about reflecting on the year just gone, it's also about looking forward. Although we're seeing trade opening up as the vaccination programmes take shape, Covid-19 is not over yet, and we must remain vigilant and responsive to a rapidly changing world. We've been working hard to understand different potential scenarios and are basing our financial projections on the cautious side, knowing that, with our cost base reduced and our strong balance sheet, we are in a good position to trade profitably whatever the future may bring.

As the world opens up, these strong financial foundations, along with the exciting new design vision of our global Creative Director and our stronger eCommerce platform, give me every confidence that this future will be a positive one for Ted Baker.

David Wolffe
Chief Financial Officer

Key performance indicators

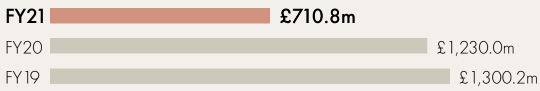
How we measure progress

We review the ongoing performance of the Group against key performance indicators (KPIs) across financial, strategic and sustainability factors. Below are the KPIs that the Board judges to be most effective in assessing the business. These are considered in more detail in the report.

Group financial KPIs

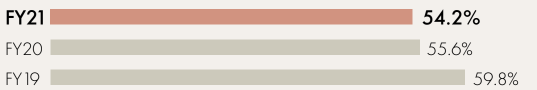
Brand sales

£710.8m -42.2%



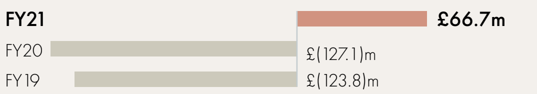
Underlying gross margin

54.2% -1.4%



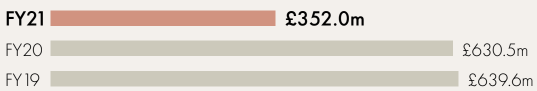
Net debt/cash

£66.7m +152.5%



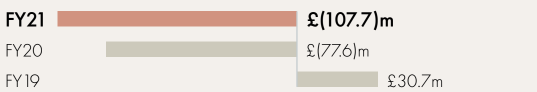
Revenue

£352.0m -44.2%



(Loss)/profit before tax

£(107.7)m -38.8%



Operational KPIs

Bought in margin improvement

Target: <100

Consolidation of supplier base from **+150**

Progress: **90**

suppliers at year end

Focus on working capital efficiency

Target: 2 years

Reduce stock cycle from three years

Progress: **2 years**

Fully embedded two-year cycle

Reduce expenditure and improve retail store profitability

Target: £27m

People cost savings on an annualised basis

Progress: **£31m**

Delivered on an annualised basis

Target: £15m

Annual Capex limit

Progress: **£7m**

Capex limit achieved

Increase controls

Target

Implementation of new improved control environment

Progress

Actioned recommendations from external advisors on controls

Target

Simplified organisational structure

Progress

Created new global finance structure to drive effectiveness

Sustainability KPIs

People

Suppliers

Target: 100%

Tier 1 factories meet or exceed Ted Baker's minimum ethical requirements

Progress: **100%**

- Refreshed and published all key ethical policies
- Ethical audits on all tier 1 factories.

Transparency

Target: 100%

Map supply chain for greater traceability

Progress: **100%**

- All tier 1 factories mapped and published
- All subcontractors are mapped and meet our ethical requirements.

Prosperity

Communities

Target: 100%

Unsold or damaged stock diverted from landfill

Progress: **100%**

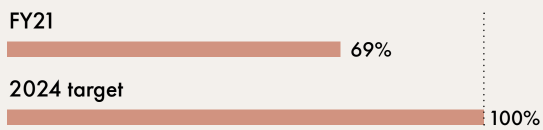
Donated to charity partners

Planet

Materials

Target: **100%** of our materials will be sustainably sourced **by 2030**

Target: **100%** of our cotton will be from sustainable sources **by 2024**



Target: **100%** of our regenerated cellulosic fibres will be sustainably sourced **by 2025**

Business review

The Covid-19 pandemic had a significant impact on the Group's performance, resulting in stores remaining closed for a large proportion of the year and depressed in our key markets.

CHANNEL PERFORMANCE

Retail
Our retail channel comprises stores, concessions and eCommerce, providing an omnichannel experience. We operate stores and concessions across the UK, Europe, North America and South Africa, and localised eCommerce sites in the UK, continental Europe, the US, Canada and Australia. We also have eCommerce businesses with many of our concession partners. Our stores are important to the success of our digital businesses through supporting brand awareness and showcasing our products. The relatively high number of concession locations and short lease length on our stores (averaging 3.5 years) allow us to maintain a flexible business model.

The performance of the retail business reflects the unprecedented trading conditions across the world, with stores remaining closed to comply with local lockdowns, particularly during the first half of the year. Where they remained open, footfall was significantly below normal levels. Demand shifted onto online channels, with eCommerce sales increasing to 57.0% (2020: 27.0%) of total retail sales in the year. Store performance improved in the second half as the impact of lockdown and trading restrictions was reduced, particularly in the run-up to the peak Christmas trading period.

We have continued to review and refine our store portfolio in line with new trading conditions. Given lower footfall, and despite discussions with landlords to renegotiate rent, we determined that several locations would no longer be viable to operate and could be exited cost-effectively. We closed four stores during the year, contributing to a reduction in the average retail square footage of 4.8% to 421,435 sq ft (2020: 442,790 sq ft). This follows the transfer in the second half of FY20 of 14 stores in China and Hong Kong to joint ventures and 4 stores in Japan to a licence partner. These stores generated £9.0 million in sales during 2020.

Global Group summary

	53 weeks ended 30 January 2021	52 weeks ended 25 January 2020	Variance	Constant currency variance[1]
Group				
Revenue	**£352.0m**	£630.5m	(44.2%)	(44.1%)
Gross margin (excluding non-underlying items)	**54.2%**	55.6%	(140) bps	
Operating contribution (excluding non-underlying items)*	**(14.1%)**	2.9%	(1,700) bps	
Operating (loss)/contribution margin**	**(28.1%)**	(9.5%)	(1,860) bps	
(Loss)/profit before tax (excluding non-underlying items) as a % of revenue	**(16.8%)**	0.8%	(1760) bps	
(Loss) before tax as a % of revenue	**(30.6%)**	(12.3%)	(1,830) bps	
Retail				
Revenue	**£254.3m**	£439.9m	(42.2%)	(42.1%)
eCommerce revenue	**£144.9m**	£118.7m	22.0%	22.1%
Gross margin	**57.5%**	59.9%	(240) bps	
Average square footage***	**421,435**	442,790	(4.8%)	
Closing square footage***	**411,602**	438,483	(6.1%)	
Sales per square foot including eCommerce	**603**	994	(39.3%)	(39.2%)
Sales per square foot excluding eCommerce	**260**	725	(64.2%)	(64.2%)
Wholesale				
Revenue	**£85.3m**	£171.5m	(50.3%)	(48.6%)
Gross margin	**37.6%**	39.8%	(220) bps	
Licensing				
Revenue	**£12.4m**	£19.0m	(34.5%)	(34.5%)

*Operating contribution/(loss) (excluding non-underlying items) is defined as operating profit/(loss) before non-underlying items as a percentage of revenue.

**Operating contribution margin is defined as operating profit/(loss) as a percentage of revenue.

***Excludes licence partner stores.

1 Note: Constant currency comparatives are obtained by applying the exchange rates that were applicable for the period ended 25 January 2020 to the financial results in overseas subsidiaries for the 53 weeks ended 30 January 2021 to remove the impact of exchange rate fluctuations.

During the first half the Group furloughed store colleagues in response to government-imposed lockdowns. As it became apparent that market demand was likely to remain weak for the remainder of the year, we reviewed the store staffing model and a significant number of roles were made redundant to ensure that stores remained viable. We benefited from government support, such as business rates holidays and job support schemes, as well as rent savings and waivers through negotiations with landlords and reductions in turnover-related rent. Driving business through our online channels, as well as the highly offer-driven market through the year, necessitated some increased expenditure on marketing and promotions. As a result of all the cost movements combined, retail operating costs excluding non-underlying items decreased by 28.7% to £165.5 million (2020: £232.2 million).

Wholesale

Our wholesale business in the UK serves countries across the world, primarily in the UK and Europe, as well as supplying products to stores operated by our territorial licence partners. In addition, we operate a wholesale business in North America serving the US and Canada.

Wholesale sales decreased by 50.3% (48.6% in constant currency[1]) to £85.3 million (2020: £171.5 million) as our wholesale trustees' businesses were also affected by Covid-19. Margin was adversely affected by the discounts we offered to support a number of key trustee businesses and an increase in the mix of off-price product, which contributed to the reduction in wholesale gross margin to 37.6% (2020: 39.8%) in the period.

LICENCE INCOME IN REVENUE

We operate both territorial and product licences. Our licence partners are carefully selected as experts in their field and share our passion for unwavering attention to detail and firm commitment to quality.

Territorial licences cover specific countries or regions in Asia, Australasia, Europe, the Middle East, Africa and Central America, where our partners operate licensed retail stores and, in some territories, wholesale operations.

Product licences cover Bedding; Childrenswear; Men's Underwear; Loungewear; Eyewear; Fragrance and Skincare; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Ted's Grooming Rooms; Technical Accessories; Wallpaper; and Watches.

Licence income decreased by 34.5% to £12.4 million (2020: £19.0 million). Product licence income was affected by the challenging trading environment and particularly impacted in formalwear, adversely affected by the increase in working from home, as well as the replacement of existing agreements for watches and childrenswear with new partners. Royalty payments from regional franchise operators were also impacted by the restrictions on trading and lower sales levels, particularly in the Middle East and Asia.

COLLECTION PERFORMANCE

Ted Baker womenswear sales decreased by 40.7% to £219.7 million (2020: £370.4 million) and represented 64.7% (2020: 60.6%) of total sales. Ted Baker menswear sales were down 50.3% to £119.8 million (2020: £241.1 million) and represented 35.3% of total sales (2020: 39.4%). Demand for more formal styles and occasionwear was particularly affected by lockdown, and these represent a greater proportion of the menswear range.

Geographic performance

United Kingdom and Europe

	53 weeks ended 30 January 2021	52 weeks ended 25 January 2020	Variance	Constant currency variance[1]
Revenue (including licensing)	£246.8m	£422.6m	(41.6%)	(41.7%)
Total retail revenue	£181.9m	£296.9m	(38.7%)	(38.9%)
Store revenue	£67.3m	£202.3m	66.7%	67.0%
eCommerce revenue	£114.6m	£94.6m	21.2%	21.0%
Average square footage*	276,437	284,533	(2.8%)	
Closing square footage*	269,283	291,557	(7.6%)	
Sales per square foot including eCommerce sales	£658	£1,043	(36.9%)	(37.1%)
Sales per square foot excluding eCommerce sales	£244	£711	(65.7%)	(66.0%)
Wholesale revenue	£52.4m	£106.7m	(50.9%)	(48.4%)
Own stores	45	46	(2.2%)	
Concessions	205	242	(15.3%)	
Outlets	21	22	(4.5%)	
Partner stores/concessions	10	11	(9.1%)	
Total	**281**	**321**	**(12.5%)**	

£181.9m

Total retail revenue

Lockdowns in several territories meant that our stores had to remain closed for parts of the year, with footfall remaining depressed even when stores were open. City centres and areas traditionally popular with tourists were the most badly affected. As a result, retail sales in the UK and Europe decreased by 38.7% (38.9% in constant currency[1]) to £181.9 million (2020: £296.9 million), with eCommerce sales increasing to represent 63.0% (2020: 31.9%) of the total. Many of our trustees and licence partners were also impacted by the challenging trading conditions, driving sales from our UK wholesale business lower by 50.9% (48.4% in constant currency).

North America

	53 weeks ended 30 January 2021	52 weeks ended 25 January 2020	Variance	Constant currency variance[1]
Revenue	£102.8m	£194.6m	(47.2%)	(46.7%)
Total retail revenue	£69.9m	£129.8m	(46.1%)	(45.6%)
Store revenue	£39.7m	£107.7m	(63.2%)	(62.8%)
eCommerce revenue	£30.3m	£22.1m	37.2%	38.3%
Average square footage*	137,894	138,152	(0.2%)	
Closing square footage*	135,215	139,822	(3.3%)	
Sales per square foot including eCommerce sales	£507	£939	(46.0%)	(45.5%)
Sales per square foot excluding eCommerce sales	£288	£780	(63.1%)	(62.7%)
Wholesale revenue	£32.8m	£64.8m	(49.3%)	(48.9%)
Own stores	35	38	(7.9%)	
Concessions	64	64	0%	
Outlets	12	12	0%	
Partner stores/concessions	25	26	(3.8%)	
Total	**136**	**140**	**(2.9%)**	

£69.9m

Total retail revenue

In comparison to the UK & Europe, disruption to trading in North America stores started later, and the adverse impact on demand from Covid-19 was supplemented by political and social unrest. We closed three stores during the year, where the economics of reopening were unattractive, and renegotiated leases to further improve profitability in a number of other locations. This contributed to a drop in retail sales of 46.1% (45.6% in constant currency[1]) to £69.9 million (2020: £129.8 million). Our eCommerce business delivered a strong performance, with sales increasing by 37% to £30.3 million (2020: £22.1 million); eCommerce sales represented 43.3% of total retail sales (2020: 17.0%).

Rest of the World

	53 weeks ended 30 January 2021	52 weeks ended 25 January 2020	Variance	Constant currency variance[1]
Revenue	£2.4m	£13.3m	(82.0%)	(79.8%)
Total retail revenue	£2.4m	£13.3m	(82.0%)	(79.8%)
Store revenue	£2.4m	£11.2m	(78.6%)	(76.1%)
eCommerce revenue	–	£2.1m	(100.0%)	(100.0%)
Average square footage*	7,104	20,105	(64.7%)	
Closing square footage*	7,104	7,104	0%	
Sales per square foot including eCommerce sales	£337	£662	(49.1%)	(42.9%)
Sales per square foot excluding eCommerce sales	£337	£558	(39.6%)	(32.3%)
Own stores	4	4	0%	
Concessions	0	0	0%	
Outlets	0	0	0%	
Partner stores/concessions	79	83	(4.8%)	
Joint venture locations	21	15	40.0%	
Total	**104**	**102**	**2.0%**	

£2.4m

Total retail revenue

The reduction in sales outside of our core European and North American businesses reflects the evolution of our distribution strategy.

In the second half of FY20, we transitioned our businesses in China (including Hong Kong S.A.R. and Macau S.A.R.) to a joint venture, covering 14 stores and concessions, and eCommerce, with the income from these businesses now reflected in other income.

In China, our venture's expansion plans have been delayed by Covid-19, but managed to open seven stores during the period, and now operates 21 stores and concessions across the region (2020: 15 locations).

In Japan, we announced an agreement with our licence partner Sojitz Infinity in August 2019, and transitioned operations into the partnership during the second half of FY20. Our partner opened three new stores, and now operates seven stores and concessions across the region (2020: four locations).

The joint venture with our Australian licence partner, Flair Industries Pty Ltd, operates nine stores in Australasia (2020: nine stores).

* Excludes licence partner stores.

1 Note: Constant currency comparatives are obtained by applying the exchange rates that were applicable for the period ended 25 January 2020 to the financial results in overseas subsidiaries for the 53 weeks ended 30 January 2021 to remove the impact of exchange rate fluctuations.

Financial review

While a proportion of demand shifted to online channels, this was not enough to compensate for the shortfall in store sales in the year. As a result Group revenue decreased by 44.1% (43.8% decrease in constant currency[1]) to £352.0 million (2020: £630.5 million) for the 53 weeks ended 30 January 2021.

This reduction in revenue was particularly marked during Quarter 2 when the full impact of lockdowns began to bite internationally and affected all channels, especially wholesale.

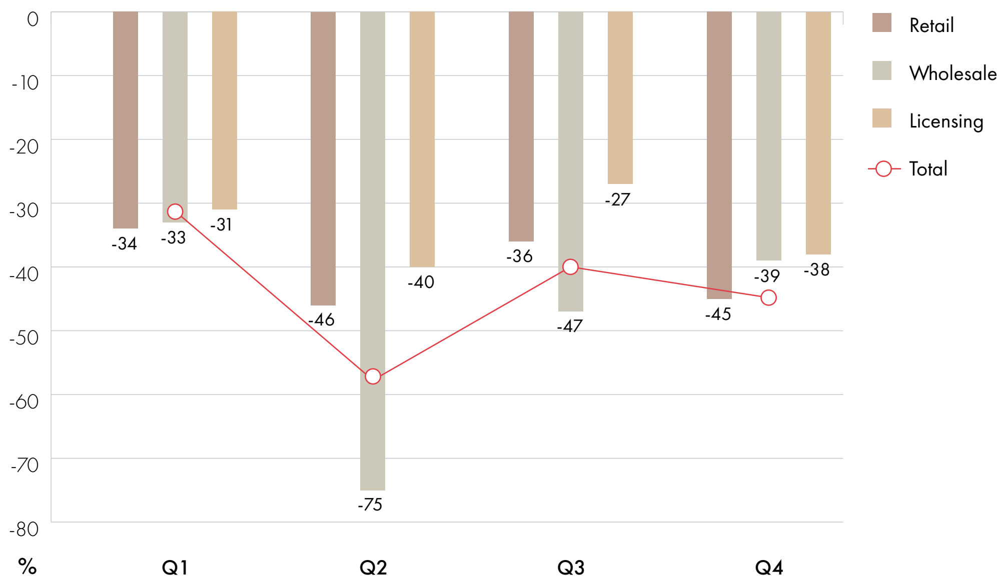
Gross margin before non-underlying items was 54.2% (2020: 55.6%). At a trading level, the impact of falling demand, restrictions on store trading and retailers' need for cash was that the market became highly promotional. This was particularly pronounced during the first half, as we acted to clear stock and drive additional cash. Margins improved substantially during the second half as stores in the UK and Europe re-opened and inventory levels were brought in line. The second half improvement was limited, however, as sales of higher margin categories occasionwear and outerwear remained below normal levels on account of increased working from home and reduced opportunities for socialising.

The Group reacted rapidly to unprecedentedly challenging conditions of rapidly shrinking sales by reducing operational expenditure, furloughing staff in both stores and head office, utilising support schemes offered by the UK and other governments and initiating cost control and restructuring programmes. Excluding non-underlying costs, distribution costs, which comprise the cost of retail operations and distribution centres, decreased by 28.0% to £175.9 million (2020: £244.1 million), and administration expenses decreased by 19.6% to £71.0 million (2020: £88.3 million). These decreases resulted from the implementation of cost savings initiatives in the business, including:

— Making headcount reductions in store and head office permanent staff, where appropriate, saving £31 million on an annualised basis

— Initiating discussions with our landlords to abate fixed rent during the closure periods and reduce rent thereafter to reflect lower levels of footfall. This generated savings of £8.0 million in the year.

Year-on-year change in sales (FY20-FY21)



1 Note: Constant currency comparatives are obtained by applying the exchange rates that were applicable for the period ended 25 January 2020 to the financial results in overseas subsidiaries for the 53 weeks ended 30 January 2021 to remove the impact of exchange rate fluctuations.

LOSS/PROFIT BEFORE TAX AND NON-UNDERLYING ITEMS AND LOSS/PROFIT BEFORE TAX

The loss before tax was £107.7 million (2020: loss of £77.6 million). The loss before tax and non-underlying items was £59.2 million (2020: profit of £4.8 million).

£(59.2)m

Loss before tax and non-underlying items

NON-UNDERLYING ITEMS

Non-underlying items before tax in the period amounted to £48.6 million (2020: £82.4 million) and comprised the following items expenses/(income):

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 (restated) £'000
Included in cost of sales:		
Inventory changes in estimates	(6,065)	(32,351)
Change to inventory obsolescence provision	–	(13,539)
Onerous contract provision	(1,973)	–
Other	81	2,221
Included in gross profit	**(7,957)**	**(43,669)**
Included in distribution costs:		
(Loss) on disposal of business	–	(7,585)
Impairment of intangibles, property, plant and equipment and right-of-use assets	(45,303)	(13,969)
Other closure costs	–	(603)
Included in administrative costs:		
Acquisition costs and unwind of fair value accounting adjustments	(1,987)	(4,710)
Reorganisation, restructuring costs and other legal and professional costs	(11,415)	(7,852)
Included in other operating (loss)/income:		
Gain on sale and leaseback of head office	17,446	–
Included in operating profit	**(49,216)**	**(78,388)**
Included in share of post-tax profits from joint venture:		
Unwind of fair value adjustments	(7)	(989)
Included in finance income/(expense):		
Foreign exchange on the translation of monetary assets and liabilities denominated in foreign currencies	655	(3,026)
Non-underlying items	**(48,568)**	**(82,403)**

Note: details of the restatement and of the above items can be found in the notes to the financial statements.

FINANCE INCOME AND EXPENSES

Net finance expenses were £7.7 million (2020: £15.5 million). The IFRS 16 interest expense for the period was £6.8 million (2020: £8.3 million). Excluding the impact of non-underlying items, net finance expenses were £8.4 million (2020: £12.4 million).

TAXATION

The Group tax credit for the period was £21.3 million (2020: credit of £9.4 million). This effective tax rate is lower than the UK tax rate for the period of 19% primarily due to the Group being loss making in territories where it has major market operations and due to the utilisation of previously unrecognised tax losses in territories with higher tax rates.

CASH FLOW

Across the year our net cash (net debt) position improved dramatically. This measure represents the total of our cash balances less debt outstanding. We began with net debt of £(127.1) million and closed the year with net cash of £66.7 million. This positive movement of £193.8 million in net cash came about as a result of our successful recapitalisation of the business combined with active working capital management.

We took prompt action to support the Group's cash position, to ensure it has sufficient resources to trade through an extended period of weak demand while investing in profitable growth. We brought in additional financing through the sale of the Ugly Brown Building for gross proceeds of £77.8 million and the issuance of £105.0 million new equity (gross) through the allotment of 140 million new shares.

The Group's working capital position was also reviewed. Actions to maintain cash and manage liquidity included:

- Increased sell-through and liquidation of older, excess stock
- Significant intake reductions to align stock levels with demand
- Agreeing extended payment terms with suppliers
- Deferral of rental payments.

As a result, net working capital, which comprises inventories, trade and other receivables and trade and other payables, decreased by £68.3 million to £34.4 million (2020: £102.7 million). Continued tight cash management ensured that, despite a second UK lockdown during December and January, net cash outflow was minimal during the second half.

Group capital expenditure of £7.0 million (2020: £25.8 million) has been significantly reduced. We are continuing to invest in systems and infrastructure to support our digital businesses and improve efficiency, but investment on physical locations has been limited only to essential works.

BORROWING FACILITIES

The Group's net cash balance at 30 January 2021 was £66.7 million (2020: net debt £127.1 million). On 23 March 2020, the Group announced that its lending bank syndicate agreed to increase the headroom under the Group's revolving credit facilities of £180.0 million (Facility A), by a further £13.5 million until 18 December 2020 (Facility B). On 20 May 2020, the lending bank syndicate agreed to increase the headroom under Facility B by a further £11.5 million, taking the total Facility B facility to £25.0 million, with a revised Facility B expiry date of 18 January 2022.

The additional facility announced on 23 March 2020 was made available in conjunction with the exchange of contracts for the sale of Big Lobster Limited, a wholly owned Group subsidiary, which owns the Group's head office in London. In connection with the sale, the Group entered into a short-term ease of the property for a period following completion from 1 June 2020 to 31 March 2023. The consideration from the sale was £77.8 million paid in cash by the buyer on completion, in June 2020. The net proceeds of the sale of £72.2 million, after fees and taxes, was applied to repay existing indebtedness under Facility A to significantly de-lever the Group. The remaining available facilities totalled £132.8 million, with £107.8 million in Facility A and £25.0 million in Facility B.

On 25 May 2021 the Group announced that it had signed an extension to its revolving credit facility with its existing lending syndicate. The new agreement extends the revolving credit facility maturity from September 2022 to November 2023 and amends the covenants. Under the new agreement, the existing Facility A of £107.8 million maturing in September 2022 and Facility B of £25.0 million maturing in January 2022, will be replaced by a new RCF of £90.0 million reducing to £80.0 million in January 2022 until maturity in November 2023. The existing lending syndicate continues to show ongoing support to the Group.

The amended revolving credit facility includes among other changes amendments to the quarterly covenant tests on adjusted EBITDA, leverage ratio and fixed charge cover, providing further financial flexibility for the Group.

TREASURY RISK MANAGEMENT

The most significant exposure to foreign exchange fluctuation relates to purchases made in foreign currencies, principally the US Dollar and the Euro.

A proportion of the Group's purchases are hedged in accordance with the Group's risk management policy, which allows for foreign currency to be hedged for up to 24 months in advance. The balance of purchases is hedged naturally as the business operates internationally and income is generated in the local currencies. The Group is also exposed to movements in foreign exchange rates on intercompany balances denominated in a foreign currency. These are not hedged. In March 2020, the Group exited its foreign exchange contracts to crystallise a cash gain of £6.9 million, and as a result, the Group's foreign exchange risk was unhedged for most of FY21. At 30 January 2021, the Group held foreign exchange contracts for the right to purchase USD.

The Group is exposed to movements in UK interest rates as the revolving credit facility accrues interest based on floating LIBOR plus a margin. The Group does not hold any interest rate hedge contracts.

BREXIT

The Group undertook significant preparatory steps for Brexit on 1 January 2021 at the end of the current transitional period, and despite the challenging timing of the deal between the UK government and European Union, we have put in place a number of administrative and legal changes to our operational processes to mitigate the impact of Brexit. To date, the main operational impacts have been the flow of goods into the UK through the ports, and from the UK to stores and customers in Europe.

We have set up a customs warehouse in the UK, which became operational in April 2021 and has partially mitigated the impact of higher duties, but there remain a number of other areas outstanding, including rules of origin and reclamation of input VAT. We expect that a full year impact of Brexit on profits will be c.£5 million, and anticipate, only to a limited extent, mitigating the extra cost of duties through the reflowing of inventory for our EU stores.

EARNINGS PER SHARE AND DIVIDENDS

The basic loss per share was 56.2p (2020: loss per share 153.0p). Underlying loss per share, which excludes non-underlying items, changed by (489.6%) to 26.0p (2020: earnings per share 6.7p).

Given current trading conditions and the high level of uncertainty about the future, the Board has determined that no final dividend is to be paid (2020: 40.7p). In the long term we remain committed to paying dividends and returning surplus cash to our shareholders.

David Wolffe
Chief Financial Officer

£193.8m
Net increase in cash (net debt)

Creating an amazing company for today and tomorrow

We believe in an open and honest way of doing business. This includes taking care of all our stakeholders throughout our supply chain and operating in a fair and sustainable manner. 'Fashioning a Better Future' is our mission statement around our work in ethics and sustainability. But we know this work should not stand alone. It must be integrated into how we do business, from the top down, bottom up and across the whole Company.

At the heart of this is the way we treat our people and the planet. It is critical to Ted Baker's future success. To sharpen our focus on this, we have aligned our programmes and policies around the World Economic Forum's environmental, social and governance (ESG) framework, which is based on three pillars: people, prosperity and planet. Our ESG matrix (see page 46) is a working plan that we'll deliver against over the next 12-18 months.

To keep ESG front of mind throughout our business, we have started to break down barriers that force people to work in silos. The first step was to bring Ted Baker's People team and CommitTED team together in 2020, under the leadership of Chief People Officer, Peter Collyer. (The CommitTED team is responsible for ethics and sustainability.) This makes it simple for these teams to work closely to make progress towards our ESG commitments. Whether they are our own team members or from our supply chain, we must all hold ourselves accountable to the same values.

The Ugly Brown Building reception area

People

We want to develop a healthy and prosperous working climate and culture, one that is lived and breathed through all of our commitments and actions every day.

THE TED BAKER TEAM

As in all businesses, Covid-19 has had an ongoing impact on our people. Most of our retail teams in the UK and across Europe were furloughed for the majority of the year. They have also faced the uncertainty of a large number of redundancies across our offices and stores, dealing with losing almost 1,000 of their friends and team members. At the same time, those remaining have adapted to new structures and different ways of working. Our office-based teams around the world have, for the most part, been working remotely. This has made collaborative working difficult, and building and maintaining personal connections virtually has been challenging, adding another layer of complexity.

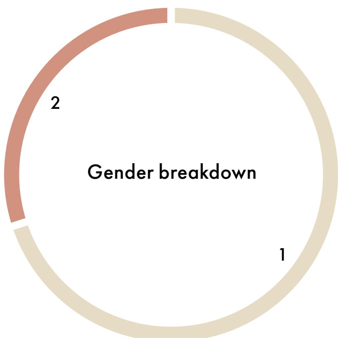
Not surprisingly, team members are tired, but despite all this the strength of the Ted Baker family and the commitment and passion of our team members has shone through. This has helped them deliver on some of our first milestones of Ted's Growth Formula, hitting all our Year 1 strategic targets. This is very much down to the team's resilience and determination to help Ted Baker evolve and grow, and we owe them immense gratitude for their hard work.

This fantastic attitude has allowed us to start getting the business in shape for a brighter future. As part of Ted's Growth Formula, our ambition is to build a high-performing, capable, collaborative and energised company for everyone who works for and with Ted Baker. On a higher level, more and more people are looking to work for purpose-driven companies with strong shared values, often rooted in sustainability and community giving. These cultural shifts in how we work, and what team members expect, will continue to shape the workplace of the future. As a result, we must be more sensitive than ever to how our people feel, and focus on what is going to make Ted Baker a competitive business. That way we can attract and retain the best talent.

Clearly, the speed of change for team members is increasing rapidly, with enormous shifts in the way people work having an impact on every sector as a result of Covid-19. Aside from the new ways of working needed to meet the immediate demands of government restrictions and safe working practice, Covid-19 has fast-tracked our focus on being more in tune with a multi-generational workforce and understanding how their needs differ. We have made considerable progress towards our goal of becoming a high-performance organisation, by changing our approach from a hierarchical and unempowered structure, towards:

- An empowered working style, based on trust
- With truly flexible working
- Constructively challenging the status quo
- Through an inclusive, accountability-focused structure
- Supported by transparent, open, three-way flow of communication across the business.

With all the recent disruption and change, we've doubled our efforts to innovate and inspire new ways of working, improving processes and platforms to create a more positive experience for team members. We're working to build a business that people are proud to be part of. A place where they feel their true value can be unlocked; with a real sense of belonging that lets them bring the unexpected to life and enjoy a meaningful employee experience. A place that ultimately captures the imaginations of our customers through our products, service and ideas.



1 1,506 (69.8%) **Female**
2 652 (30.2%) **Male**

Total 2,158

1 867 (74%) **White British and white other**
2 196 (17%) **Black, Asian and minority ethnic**
3 108 (9%) **Not known**

Total 1,171

We are developing our capabilities for capturing this data globally.

Over the last year, we have laid the foundations for this to happen. It starts with a refreshed and clear purpose, mission and values. There is a natural, authentic culture at Ted Baker, centred around the kindness and commitment of our people. This is tangible and unique to the brand – a golden thread that connects everyone in the business, whether they've been with us for two months or 20 years. And that's very special.

A strong sense of 'doing the right thing' drives everything we do. We know that Ted Baker is nothing without its people, and we are focused on protecting and nurturing our greatest asset.

Developing our internal brand

Following the launch of our brand refresh in February 2021, we have been working to evolve our internal brand. Our brand purpose – to create and celebrate the unexpected in the everyday – has informed all our thinking, as we considered the values we should hold ourselves accountable to and the sort of community we want to build at Ted Baker. As we reset expectations of what kind of Company we wish to be, we aim to create a culture that everyone is proud to be part of, one we can all believe in and where we can all thrive.

Ted Baker's culture is strong – you can see it in the shared ideas and behaviours that make us who we are, as individuals and as teams. Rather than impose a set of values from above, we have taken inspiration from our people. We started by asking: 'Who are we at Ted Baker?'. As a result, we've seen and absorbed the ambition, commitment, passion, creativity, energy and kindness we see in our people every day. We also reviewed our current values and gathered feedback from many sources, including from a global team member survey. All this fed into our new set of Company values that come from within and will be rolled out across the business globally from April 2021.

Persons with a disability

Our policy encourages applications from individuals of all backgrounds and we are working to build on our inclusion strategy. This covers training and development of all team members, including those who have disabilities. We have also introduced mental health first aiders to support the wellbeing of our team members.

Our values

We are **AUTHENTIC** – We have the freedom to be our best selves

We are **CURIOUS** – We are hungry to explore, innovate and think differently

We are **COURAGEOUS** – We have the confidence to be brave, have fun and discover the unexpected

We are **INCLUSIVE** – We embrace individuality and celebrate difference

We are **KIND** – We try to do the right thing: for each other, our communities, our planet and for Ted Baker

Our inclusion journey

At our town hall meetings, we have shared our desire to create a working environment where diversity and inclusion are elevated so that they become like oxygen – a vital force which keeps Ted Baker alive. We have engaged a specialist consultancy to support us as we build our inclusion strategy; for clarity of language, this inclusion strategy will encompass diversity (the different types of people that make up society and without ANY hierarchy), inclusion (creating the culture, conditions and opportunities for everyone to thrive) and intersectionality (understanding the unique experiences of people who hold two or more identity pillars). We believe having a clear plan in place will serve our people well for years to come. As a result, our existing policies on all areas of inclusivity, including age and gender, will also be revisited and refreshed to ensure they reflect the inclusion strategy described above.

We are a truly global organisation. We feel passionately that our team should reflect the global nature of our customers. We now have a presence in 50 countries with Ted Baker team members in 17, including joint ventures in China and Australia. Our team members represent more than 86 nationalities, including 36 in our London head office alone.

Our Directors (at 30 January 2021) were 29% women/71% men. Including senior management (the first layer of management below Board level, including the Company Secretary), that shifts slightly to 33% women/67% men. If you add their direct reports (two layers below the Board) as well, we get closer to parity, with 52% women/48% men.

Overview of gender diversity by region

As of 30 January 2021

	UK			North America			Europe			Asia			South Africa			
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Total
Executive plc Directors	1	1	2	0	0	0	0	0	0	0	0	0	0	0	0	**2**
Non-Executive plc Directors	4	1	5	0	0	0	0	0	0	0	0	0	0	0	0	**5**
Executive Directors + Company Secretary	4	3	7	1	0	1	0	0	0	0	0	0	0	0	0	**8**
Senior management (direct reports of the Executive Directors)	19	26	45	3	4	7	0	0	0	0	0	0	0	0	0	**52**
Other team members	346	766	1,112	156	349	505	97	321	418	6	16	22	15	19	34	**2,073**
Total	**374**	**797**	**1,171**	**160**	**353**	**513**	**97**	**321**	**418**	**6**	**16**	**22**	**15**	**19**	**34**	**2,158**

Honey bees at our London head office
In 2011, we learnt about the plight of the honey bee. Being a fan of the furry pollinators, we teamed up with Urban Beekeeping to install two hives on the roof of our London head office. We have been reaping the rewards ever since, with successful honey crops every year.

Our mean gender pay gap at 6 April 2019 was 18.9%, slightly better than the previous year. The gap exists because, while women are well represented at the very top of the organisation and in our overall workforce, there's much more to do to develop and grow our own female senior leaders from within. While Ted's Gender Pay Gap compares well against other high-end fashion retailers, we are working hard to improve this. Our median pay gap has reduced from 1.3% to -1.1% and our goal remains zero.

We are passionate about creating equality for all at Ted Baker and doing the right thing by our people – no matter their gender, race and ethnicity, nationality, sexual orientation, age, ability, education, experience or personal circumstances.

We have made significant progress in a number of key initiatives including:

— **Development and roll-out of a new career levelling framework.** We have looked at how we organise and level different roles at Ted Baker to help us build a fair and consistent reward framework. This means roles at the same level in different disciplines are treated the same around the world. There are six levels – Level 6: CEO and CFO. Level 5: Executive Team. Levels 1-4: all other team members.

— **Review of family-friendly benefits.** We want to encourage parents to remain at Ted Baker for long and fulfilling careers, alongside raising a family. From 1 March 2021, we've reduced the amount of time you need to have worked at Ted Baker to receive enhanced maternity, adoption and paternity pay, from three years to 26 weeks. This offer is now very competitive in the market.

— **Introducing a new Flexible Working and Core Hours Policy.** We recognise the contribution of all our team members and understand that at some time in their working lives, they may want or need to work more flexibly. We have introduced a new Flexible Working and Core Hours Policy to help them work more efficiently while suiting their needs. Over the last year, 11 people from head office and six from EU retail have taken advantage of it.

DEVELOPING OUR PEOPLE

The pandemic caused us to speed up adapting our processes, particularly enabling remote working. This included updating our on-boarding process – "Fresh Paint" – with a digital on-boarding pack and remote working guidance to support new team members.

In August 2020 we launched our global online Wellbeing Hub, focused on health wealth and the inner self, and available to everyone at Ted Baker. To make sure we connect with our teams regularly, the Wellbeing Hub is updated weekly with guidance and insights, including 'Wellbeing Wednesday' posts from our Chief People Officer, Peter Collyer. In addition, 60 volunteers from across the business have now trained in our Mental Health First Aider programme.

Despite periods of uncertainty and furlough, six of our Retail team members completed the 'B-Ted' learning programme. This is based on a Foundation Degree in Retail Management, in partnership with the Fashion Retail Academy. We are delighted that four of them passed with distinction and we are working with all of them to continue their professional and personal development.

We are inspired by our team members who have built their long-term careers at Ted Baker. Their commitment and investment in the Company is amazing. We were excited to present 93 long-service awards to team members around the world who have dedicated upwards of five years of service to Ted Baker.

We also welcomed 105 new joiners – 41 men and 64 women – to the London office, across all departments.

Department	Male	Female	Total
Commercial & Business Development	0	2	**2**
Creative	1	10	**11**
Customer	7	18	**25**
Directors	5	1	**6**
Finance & Operations	23	19	**42**
IT & Business Solutions	1	3	**4**
People	3	5	**8**
Trading	1	6	**7**
Total	**41**	**64**	**105**

Due to the pandemic and reorganisation of the business, sadly we couldn't run our graduate scheme – 'Ted's Extras' – in 2020, but we did relaunch our Apprenticeship Levy-funded training via an online apprenticeship hub. In 2021, we will continue to focus on this training, which is available to team members at every level, as we develop our new strategy for people early on in their careers.

With an eye on the future, we relaunched Ted's Academy Instagram. This is a key internal communications channel to reach both head office and store-based team members around the world. We also appointed new partners to implement Cloud-based people technologies related to goal setting and achievement (ClearReview), along with a learning experience platform (Thrive) and employee engagement (Peakon). This will allow us to build an infrastructure that offers truly global access to education, training and communication tools. News of this investment has been well received across the Company.

In December 2020 we launched our corporate bonus scheme for FY21 to everyone working at head office (in addition to a separate scheme which exists for our Retail team members). While we will not be paying a bonus this year, we launched the scheme as part of a longer-term commitment to reward our people as we build the business. The scheme gives all team members a consistent bonus opportunity based on their career level. It rewards them for their achievement of personal objectives as well as on Ted Baker's financial success.

While we won't be paying out a bonus for FY21, we will be providing pay increases to our lower paid team members across head office and retail, and reviewing the decision for other eligible team members over the summer, based on Company performance once Covid-19 restrictions lift.

Following shareholder support at the 2020 Annual Meeting, we launched two new share plans: Ted Baker Long-Term Incentive Plan 2020 and Ted Baker Incentive Plan 2020. Share awards were made to align the interests of shareholders and the senior leaders of the business over the longer term, and to recognise our leaders' contribution to Ted Baker's transformation. The plans offer a three-year incentive, available to people in career levels 4-6.

"One of the most important parts of a supply chain is the people who work in it. It is our responsibility to protect the factory workers who make our products."

Ethical sourcing programme

We're committed to looking after everyone who creates, makes and wears our products. Our supply chain affects the lives of thousands of people around the world. So our approach must be proactive in promoting positive working conditions and protecting human rights. We believe in working with like-minded partners who share our commitment to maintaining safe and fair labour practices and minimising environmental impact. Working together, we can make the most of our talent and expertise to continuously improve in everything we do.

When we bring on any new suppliers we ask them to adhere to and implement our Code of Conduct. This is an integral part of our on-boarding process and outlines what steps we expect our suppliers to take to ensure their factory workers are being treated fairly, in decent working conditions.

In addition, all our suppliers who make Ted Baker products must conduct annual social audits of their factories and processes, making sure continuous improvements are being made, standards are up to scratch and things are ticking over as they should. This falls under the responsibility of our CommitTED and Production teams, who regularly visit suppliers all over the world.

We source finished goods from 160 factories in 19 countries around the globe. Of over 40,000 workers in these direct factories, almost 70% are women and over 7,000 are migrant workers (either domestic or international). Our top sourcing territories (by number of factories) are China, Turkey, India, UK and Portugal.

In 2020 we focused on strengthening and building our ethical foundations. All our sourcing partners and suppliers agree to meet our five minimum ethical and sustainability requirements.

Ted Baker's five minimum ethical and sustainability requirements

1 Agree and adhere to Ted's Ethical Code of Conduct, Animal Welfare and Responsible Materials Policy, and Vulnerable Workers Policy.

2 Provide a third-party ethical audit or certification every 12 months for production sites. Acceptable standards are: SA8000, SMETA[1], BSCI.

3 Address any non-compliances found in the audit in a timely and open manner. Work on monitoring, remediation or building capacity, as requested.[2]

4 Provide information or certification on sustainable materials and environmental performance, as requested.

5 Be transparent with us[3] and agree to factory disclosure for publication.

1 SMETA audits can be either 2-pillar (labour and health and safety) or 4-pillar (labour, health and safety, environment and business ethics).

2 All tanneries must complete a Tannery Profile Form and certain high risk countries are subject to additional requirements.

3 Any subcontractors and/or homeworker information must be disclosed.

The pinnacle of this is signing Ted's Ethical Code of Conduct, which outlines our standards on working conditions, business ethics, transparency, environmental stewardship, use of chemicals and animal welfare (see below for further details). Our Ethics and Sustainability Team, CommitTED, continues to work closely with our Sourcing, Production and Buying departments to make sure all potential new suppliers go through our rigorous screening process. We see ethics and sustainability as a partnership, where we can continuously grow and improve towards better ways of working and more responsible practices together.

Strengthening our responsible sourcing foundations
The CommitTED team brought in stricter standards to grade third-party audits. This helps create continuity and standardisation, which in turn makes our data more reliable and easier to analyse.

To foster greater internal collaboration, our CommitTED team runs regular training ethics and sustainability sessions, produces monthly reports, shares tools and offers guidance. It also continues to collaborate in reviews of existing supplier progress to make sure ethics remains at the heart of our business decisions. We have redeveloped the CommitTED section of tedbaker.com with new, more engaging content that makes it easier for customers and stakeholders to find out more about our ethics and sustainability work. Over the past 12 months we have published our key policies to demonstrate our commitments. These include:

— **Ted Baker's Ethical Code of Conduct** – this is the cornerstone of our ethical values and sets out the minimum standards for the safe, fair and decent work we demand from our suppliers. It is based on international conventions including The Ethical Trading Initiative Base Code and The United Nations Universal Declaration of Human Rights and the Acts. In 2020 we revised our Code to make sure it remains effective as our business grows and reflects changes in regulations, as well as strengthening standards on health and safety and regular employment.

— **Vulnerable Workers Policy** – we want to make sure all workers are treated fairly, but we recognise some are at greater risk of exploitation. This policy sets the standard for protecting the most vulnerable people in our supply chain, including migrant workers, homeworkers, children and young people, as well as temporary, casual and agency workers.

— **Third-Party Policy and Animal Welfare & Responsible Materials Policy** – the former outlines the minimum requirements for third-party partners for ethical standards and sustainable fibre sourcing. The latter underpins our commitment to responsible sourcing and fair treatment of animals. It also contains our full list of banned and restricted materials.

In 2020 we joined the Ethical Trade Initiative (ETI). This is a workers' rights forum which works with member companies, trade unions and voluntary organisations to tackle the many complex questions about what steps companies should take to trade ethically, and how to make a positive difference to workers' lives. Their vision is of a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity. We hope membership will help strengthen our due diligence processes, build capacity with our suppliers, help us understand our main ethical risks and take action on spotlight issues.

Risk assessments and due diligence
The fashion industry's supply chains are complex and come with inherent problems. We face key issues in two of our largest sourcing countries, and the use of multiple subcontractors in our Turkish factories. To address these issues, we advise and offer guidance to factories. We have also mapped the subcontractors our factories use, and a third party ran an ethical audit on our behalf for all sites that perform cutting, stitching and finishing.

The CommitTED team has been aware of the increasing global reports of forced labour embedded within the textile industry. The CommitTED Team monitors all ongoing claims in our sourcing countries which are seen as critically high risk. We have been working very closely with our suppliers and third-party partners, conducting a deep dive analysis of all manufacturing units and a mapping exercise across each tier involved in the production process, to ensure we are acting with utmost due diligence for the protection of workers. In addition, we have sought advice from the Ethical Trading Initiative and Anti-Slavery International to understand how we can continue to ensure we are acting in the most responsible way. Through our supply chain analysis, we have not found any evidence of forced labour in our supply chain. However, we will continue to monitor our factories and mills closely, and collaborate with our trusted suppliers and third-party partners to ensure we work to best practice. Should we discover such practices, we shall take immediate action, and communicate openly with our stakeholders.

To produce goods that celebrate British manufacturing heritage, we expanded our sourcing from UK factories in 2020. We have been mindful of the exploitative practices found in garment manufacturing around Leicester and the Midlands, so we have collaborated with multiple stakeholders to make sure we are aware of any future issues and to improve worker welfare. Ted Baker is committed to working with open and collaborative suppliers in the UK. Our team has visited all our current UK manufacturing facilities to ensure suppliers understand our expectations. For very small UK factories, a member of our CommitTED team has carried out an audit that confirms our Code of Conduct is being followed. Where an in-person audit has not been possible due to the pandemic, we have run a number of virtual audits to keep our due diligence up to date.

IMPACT OF COVID-19 ON OUR DUE DILIGENCE

Our normal due diligence process has been interrupted by national lockdowns, business closures, travel and visitor restrictions. This has slowed our annual ethical audit programme, but 100% of our factories have had a third-party ethical audit in the past two years. Other disruptions include delays with training and documentation. For example, regular first aid training has been put on hold by many organisations and there are delays with documentation from government bodies around inspections.

To understand these disruptions and mitigate any risks from these delays we have been reviewing the situation on the ground in our factories on a case-by-case basis. Some factories have been offered a grace period between audits, to allow an audit to be done safely without putting workers or auditors at risk. We are continually working to understand the changing landscape in the places where we use third-party manufacturers through desktop research and consulting with other brands and worker rights experts.

TRACEABILITY AND TRANSPARENCY

We have made good progress on transparency and traceability. Our first-tier factory list is now updated every six months and posted on our website. This shows exactly where Ted Baker products are made. It also includes a map of where our licensed products are sourced. This information is supplied to the Open Apparel Registry (OAR) – a database of global apparel factories, collating disparate factory lists into one central, open-source map. It lists names, addresses and affiliations, as well as assigning a unique OAR ID to each facility. As a contributor to OAR, we are part of an industry-wide shift to greater transparency about where our products are made.

The use of subcontractors is widespread in the apparel, accessories and footwear industries. Ted Baker takes extra care when reviewing subcontractors – use of unauthorised subcontracting is a significant risk and subcontractors' facilities may not meet our ethical and sustainability requirements. All subcontracted processes must ensure fair labour practices and safe working conditions.

We made significant progress mapping and monitoring subcontractor sites used by our direct factories in 2020. We define a subcontractor site as any facility or domestic premises (homeworkers) producing goods or undertaking manufacturing processes outside the principal factory that supplies Ted Baker directly. In the future, we hope to disclose more information about subcontractors in our supply chain. We are developing a subcontractor policy to create a consistent standard and clear process to mitigate the risk of unauthorised subcontracting. We also have a plan to map further down our supply chain, to build a clear picture of the suppliers who provide components, hardware, trims and fabric.

100%

of our factories have had a third-party ethical audit in the past two years

As a business, we play an active role in local communities in a number of ways. In previous years we have created education-focused challenges, masterclasses, talks and presentations to local partners and schools. This year we had to adapt how we could continue to stand shoulder-to-shoulder with our communities through the pandemic.

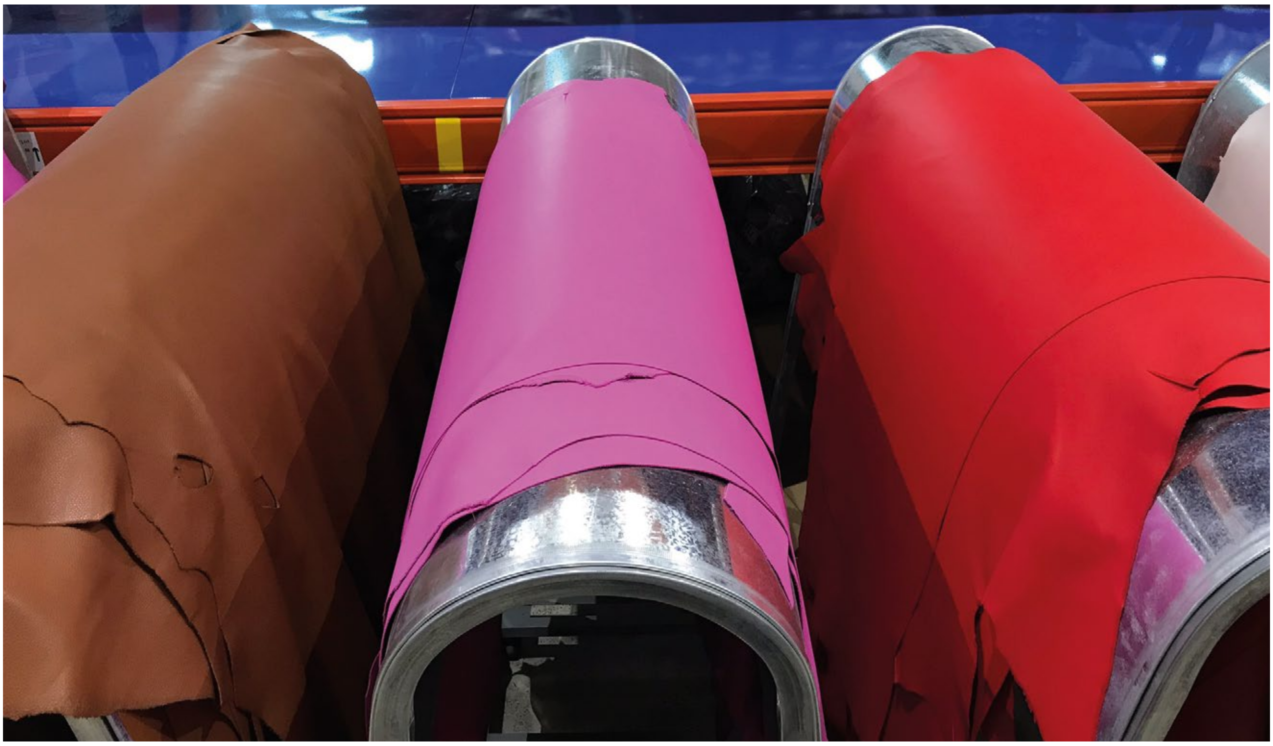
We started by launching our 'stylish acts of kindness' campaign to support the NHS. We donated clothes and our team members volunteered their time to make it happen. We also set up 'Ted's Bazaar', an online charity pop-up shop featuring exclusive limited-edition merchandise. 100% of profits went to local communities facing current and future challenges due to the pandemic.

Ted's Bazaar

Magic Breakfast	Magic Breakfast is a charity that provides underprivileged school children in London with much-needed breakfasts before school.	In December 2014, we started to collect donations of leftover restaurant food. With our head office restaurant closed for most of 2020, we kicked off our Ted's Bazaar campaign with Magic Breakfast being our first beneficiary charity. The first collection featured a rainbow, an applause emoji, and the slogan 'Home Hope Love'.
Akt	Akt supports LGBTQ+ young people in the UK facing homelessness.	The second collection featured a Pride theme, with 100% of profits going to Akt.
Blurt	Blurt is a charity providing support for people affected by depression.	The 'One Day at a Time' collection trained the spotlight on mental health issues.
Creative Mentor Network	Creative Mentor Network is a charity striving to make the creative network more inclusive for those with low socio-economic backgrounds.	For the final collection, we set our sights on the creative minds of the future, designed in collaboration with Rude Studio.

As well as Ted's Bazaar, we continued to engage our communities through the imaginative use of unsold stock, along with repurposing equipment and technology for community use. We've also aligned our commitment to sustainability with our work within the community.

Charity	Description	Donations
The Camera Amnesty – Shutter Hub's appeal	Shutter Hub is working to support Accumulate, an inspirational charity that empowers homeless people through creativity. Their support includes photography workshops, tutoring, portfolio reviews at The Photographers' Gallery and their exceptional exhibitions at The Guardian HQ.	110 items of photography equipment including tripods, cases and lighting accessories donated to The Camera Amnesty
Hands On London – Wrap Up London appeal	Hands On London is a registered charity that runs the Wrap Up London initiative, delivering unwanted coats to those in need (including the homeless, elderly and refugees). Due to ongoing Covid-19 restrictions and the subsequent changes in consumer behaviour, this year Ted Baker innovated remote donations using the CollectPlus postal service. Between 5 and 12 November, customers and team members were given a QR code that linked to a pre-paid CollectPlus label, so they could send their unwanted coats directly to a Wrap Up collection point free of charge.	716 coats
NHS	We supported the initiative of Universal Dry Cleaners in Camden to make scrubs for the NHS, by donating fabric from one of our shirt factories in Portugal. A team member from our production team helped to organise the delivery. The scrubs were delivered to local clinics via the Covid-19 response units for Camden and Soho.	Donation of fabric to make scrubs for local medical centres
CAMDEN COUNCIL – Learning Centre	This joint enterprise between Ted Baker, Camden schools and the council brings teachers, headteachers and other education practitioners together to share their expertise, drive improvement and achieve excellent practice.	8 office chairs to Camden Learning Centre
CAMDEN COUNCIL – Laptops for Schools scheme	This initiative aims to help vulnerable students without computer access and address the digital divide caused by the pandemic. It gives students access to vital online learning while schools are closed. In many schools across Camden, over half of pupils do not have access to a device to do essential home learning and interact with their teachers.	7 computers
NW5	NW5 is a small charity for children, young people and their families, based in the heart of Kentish Town on the Peckwater Estate. They were not able to get normal levels of funding due to the pandemic. The coats and warmers we donated are used by core staff members while they are out in our local community working with children and young people.	8 coats and body warmers



Planet

Ted Baker is working to develop a net zero carbon strategy. Like all businesses and individuals, we have a responsibility to reduce our environmental impact. As well as being resource-intensive, our business has a global footprint. Real change starts with how we use our resources – single-use packaging, fast fashion and wastefulness have all left their mark on the planet. Looking at more sustainable and responsible alternatives to the materials in our collections is one way we can address this, along with carefully managing the materials we use for packaging and the energy we use. To that end, we already use 100% renewable energy in our UK stores and Ugly Brown Building.

RESPONSIBLE MATERIALS

Safeguarding the planet is a big responsibility for any business and at Ted Baker we take it very seriously. Our biggest environmental impact is found in fibre selection. Some of our most-used materials include cotton, wool, polyester, leather and regenerated cellulosics – the technical name for fibres like viscose and lyocell. We've committed to switch to 100% more sustainable materials in all our collections by 2030. We are on track to achieve our medium-term sustainability objectives while we develop our long-term vision. We launched our targets in 2019, and we are already seeing an improvement, with 17% of our current collections made with sustainable materials.

Overarching target	FY20 % sustainable	FY21 % sustainable
100% more sustainable materials in all our collections by 2030	12%	17%

We've set specific interim targets for the next few years, outlined in the table below. As the industry evolves, we will continue to review these targets to make sure they are as ambitious as possible.

Material	Interim target	FY20 % sustainable	FY21 % sustainable
Cotton	100% of our cotton is organic, recycled or BCI[1] cotton by 2024.	51%	69%
Leather	100% of our leather to come from LWG or equivalent certified tanneries by 2025.	25%	26%
Man-made cellulosic fibres	100% of our regenerated cellulosics will come from FSC[2] or PEFC[3] certified forests, with a further 50% produced through sustainable production methods by 2025.	14%	16%

1 Better Cotton Initiative.
2 Forest Stewardship Council.
3 Programme for the Endorsement of Forest Certification.

All our sustainability claims are backed up with industry best practice certification – currently the only way to prove something is truly more sustainable.

Leather

The Leather Working Group (LWG) standard is the leather industry's most acknowledged environmental standard. We joined the LWG in 2020 to aid mapping of every tannery in the world. It's a multi-stakeholder initiative involving brands, suppliers, manufacturers and NGOs around the world. Their audit protocol assesses the environmental compliance and performance capabilities of tanners, giving LWG the information it needs to promote sustainable environmental business practices in the leather industry. Twenty-six percent of our leather now comes from LWG-certified tanneries, putting us on track to meet our 100% target by 2025.

Wood-based products

At Ted Baker we rely heavily on wood-based products – from paper-based packaging and shipping cartons to fabrics like viscose and lyocell. In 2020, we partnered with not-for-profit organisation Canopy and committed to two important policies, Pack4Good and CanopyStyle. These commitments underline our ambition to help protect the world's forests through a more responsible approach to the procurement of pulp, paper, packaging and fabrics. Pack4Good supports our ongoing efforts to use innovative solutions to reduce our packaging footprint. It also helps ensure the paper products we do use don't have an adverse impact on the world's ancient and endangered forests.

Our new Paper and Packaging Policy sits alongside new UK tax legislation that discourages the importation of virgin plastic into the UK. This policy is designed to reduce our packaging footprint, ensure the paper products we use do not damage the world's forests, and cut down on single-use plastic packaging. Our policy targets are:

- **Eliminate sourcing** from endangered species' habitats, and ancient and endangered forests, by 2022
- **Eliminate sourcing** from controversial suppliers (e.g. illegal logging or areas reserved for indigenous peoples)
- Use only **FSC certified paper** and packaging for all branded and unbranded products
- Preference for paper/packaging with high-recycled content, reaching an overall recycled fibre content in our papers/packaging of **at least 50% average by 2024**
- All polythene bags must contain a minimum of **50% post-consumer recycled** content (from April 2022)
- All polythene bags must contain **100% post-consumer recycled** content by 2025
- All plastic transit hangers need to be made from a minimum of **50% post-consumer recycled plastic** by 2022.

To ensure that these commitments are achievable, we have engaged with and trained our suppliers on the importance of authentication of any claims and processes for obtaining correct certification.

Recycled swimwear materials

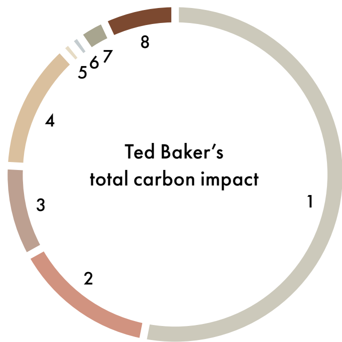
In 2020, 27 styles in our swimwear ranges were created from Econyl, made from a combination of reclaimed fishing nets and recycled fabric scraps.

'Conscious Shop'

We continue to work hard to create more styles from responsibly sourced materials. In the meantime, to make shopping for a more sustainable wardrobe easier, we created the Ted Baker 'Conscious Shop'. Pieces featured here are all made from more than 50% responsibly sourced materials (meaning they use less water, energy or chemicals in the production process). This includes items made from eco-friendly materials like recycled polyester and organic cotton.

Animal Welfare & Responsible Materials Policy

Ted Baker is committed to promoting the humane and responsible treatment of animals, based on the internationally recognised 'Five Freedoms and Provisions of Animal Welfare'. Our new Animal Welfare & Responsible Materials Policy outlines our commitment to responsible sourcing and fair treatment of animals. This sets a standard for our suppliers to meet. The policy details our banned and restricted materials – including alpaca, which we have recently removed from our collections due to documented concerns over animal cruelty. The policy also contains specifications for raw materials, to make sure that social and environmental impacts are taken into account in our sourcing process. We continuously review innovative materials and more responsible sourcing options as they become available.



1	54%	119k tCO_2e	**Raw materials & processing**
2	16%	36k tCO_2e	**Manufacturing**
3	9%	20k tCO_2e	**Other spend**
4	11%	25k tCO_2e	**Use of sold products**
5	1%	0.9k tCO_2e	**End-of-life treatment of sold products**
6	0%	0.6k tCO_2e	**Scope 1**
7	2%	4k tCO_2e	**Scope 2**
8	7%	15k tCO_2e	**Scope 3**

"Fabric selection and the way we use materials has a huge role to play. We must constantly innovate and make responsible choices that keep us on the path towards continuous improvement."

A CLIMATE STRATEGY FOR NET ZERO

Reducing our carbon and waste footprints is an obvious and pressing challenge. Working with experts at Carbon Intelligence, we've been developing our climate strategy, focusing on areas we have direct influence over. Ninety-eight percent of our carbon footprint comes from our Scope 3 value chain operations. This is a huge challenge in the industry, and one we are already starting to tackle. We are in the process of setting ambitious targets to work closely with our suppliers in making significant changes that will drastically reduce our carbon impact.

The strategy will define science-based targets and ensure we have the right practices and processes in place to reduce our carbon footprint. We plan to integrate our carbon strategy across all business areas at Ted Baker, aiming to launch in 2021.

Thirty per cent of our Scope 1 & 2 carbon emissions come from the operating and running of our stores, head office, warehouses and transport. We realise this is a significant percentage, so we're working to reduce our impact in these areas. A key part of any climate strategy is data, so we're ramping up efforts to collect more accurate data from all sources. Once collated, we'll set about making what we do even more efficient.

100%

of energy used in head office and UK sites is renewable

In addition, to aid our push towards net zero carbon emissions, we have signed up to the British Retail Consortium (BRC) Climate Action Road Map. This aims to decarbonise the retail sector by 2040. We look forward to collaborating with other brands in making a collective push towards achieving this goal. Since 2010, we've been reporting to the Carbon Disclosure Project (CDP) to help us focus on areas of carbon risk within our business. This not-for-profit organisation runs a carbon disclosure system for companies (and even cities) to help manage their environmental impacts. They issue two grades – one for Climate Change (we achieved a B- in 2020), and one for Supplier Engagement (we achieved a B in 2020).

Circularity

Ted Baker is proud to be a founding signatory of the WRAP Textile 2030 initiative, which is pioneering circularity in the UK. The ten-year programme aims to transform UK clothing and home fabrics to reduce their impact on climate change. The aim is to cut lifecycle Greenhouse Gas (GHG) emissions in line with the global goal of a 1.5°C trajectory; shrink the water footprint of products; and inspire more circular business models for garment and home textiles.

Excess products and fabric

We combat product waste in many ways. To avoid contributing to the huge quantity of textiles that end up in landfill in the UK, we donate our end-of-life stock to reputable charities. In previous years we have worked with our key charity partners, Oxfam and Age UK, along with New Life, (a charity based in Cannock that helps children with disabilities and terminal illness – https://newlifecharity.co.uk). All three charities sell our stock in their UK stores to raise money for their important work.

With the retail shutdown through the pandemic, we managed our stock levels slightly differently this year. All unsold and damaged stock donations are on hold while our charity partners recover from store closures. As a result, we have contributed only faulty or damaged stock to one charity partner, New Life, who sell these products as second-hand. This year we diverted 21 tonnes of terminal stock to New Life rather than sending it to landfill.

In 2020 we also partnered with Reskinned, an organisation which aims to maximise the life of clothing and footwear by creating a circular economy model to help fashion brands achieve their sustainability goals. With their help we repurposed 15 tonnes of unused fabric.

In conclusion

We have a responsibility to reduce the environmental impact of our operations. As well as being resource intensive, the nature of our business causes quite an impact on our global footprint. From the raw materials we source, to our transport and logistics used to ship products, we are looking at the impact which our entire operations have on the planet. This means change begins with how we use our resources.

FY21 ANNUAL REPORT ENERGY & CARBON STATEMENT

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which implement the government's policy on Streamlined Energy and Carbon Reporting.

During the reporting period 1 February 2020 to 31 January 2021, our measured Scope 1 and 2 emissions (location-based) totalled 2,283 tCO_2e. This comprised:

	FY20	FY21		
Scope	Total	UK	Rest of the World	Total
1	369	141	120	261
2 – Location-based	3,553	797	1,225	2,022
2 – Market-based	3,553	0	1,328	1,328
Total Scope 1 & 2 (location-based)	3,921	938	1,345	2,283
Total Scope 1 & 2 (market-based)	3,921	141	1,448	1,589
Scope 1 & 2 intensity per sq ft – market-based	0.009	0.001	0.070	0.071
Scope 3	N/A	N/A	N/A	2,600

Overall, our Scope 1 and 2 emissions (market-based) have decreased by 42% in the year. This was due to our switch to 100% renewable electricity at all our UK sites and the impact of Covid-19 decreasing worldwide energy consumption.

This year, we have expanded our reporting boundary to include Scope 3 emissions for fuel and energy-related activities. Our measured Scope 3 emissions totalled 2,600 tCO_2e.

During the year, our total fuel and electricity consumption totalled 7,460 MWh. The split between fuel and electricity consumption is displayed below.

	FY2020	FY2021		
Energy consumption (kWh)	Total	UK	Rest of the world	Total
Electricity	11,410	3,495	3,151	6,646
Fuels[1]	1,728	766	48	814

1 Natural gas.

"We have a responsibility to reduce the environmental impact of our operations. It is our duty to ensure we make positive changes to reduce our footprint."

42%

Reduction in total Scope 1 & 2 emissions

Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, and in alignment with the Scope 2 guidance. We consolidate our organisational boundary according to the operational control approach, which includes all Ted Baker sites. All concession/JV sites are reported under Scope 3. The GHG sources that constituted our operational boundary for the year are:

- **Scope 1**: Natural gas, owned/leased vehicle mileage, refrigerants
- **Scope 2**: Location- and market-based electricity consumption
- **Scope 3**: Business travel, fuel and energy-related activities (FERA), electricity from concession/JV sites.

In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from the previous year as a proxy.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

We've aligned our programmes and policies around the World Economic Forum's environmental, social and governance (ESG) framework, based on three pillars: people, prosperity and planet. These tables outline a working plan and how we'll deliver against it over the next 12-18 months.

Mapping our targets against the World Economic Forum framework

PEOPLE & PROSPERITY

An ambition to end poverty and hunger, in all their forms and dimensions, and to ensure that all human beings can fulfil their potential in dignity and equality and in a healthy environment.

An ambition to ensure that all human beings can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs in harmony with nature.

Focus	Ted Baker key initiatives	2019	2020	Our stated targets
Dignity + equality	Implement Diversity + Inclusion programme	Not previously reported on	Launching spring 2021	Strengthen Diversity + Inclusion within Ted Baker
Skills for the future	Launch of Ted's Learning Experience Platform	New for Ted Baker	Launching spring 2021	Centralised training programme for all Ted Baker's teams
Skills for the future	Develop current and future leaders	New for Ted Baker	Developing Ted Baker's management approach	All managers trained by mid-2022
			Developing Leadership Development initiatives	Leadership Development programme in place H2 2021
Skills for the future	Provide visibility and opportunity for growth within Ted Baker	New for Ted Baker	Rolled out our career levelling framework across the entire business, consisting of six levels	Increased transparency of career levelling across business
People in the supply chain	Redevelopment and publication of Code of Conduct, Animal Welfare, Vulnerable worker + Third-Party policy	Published factory list October 2019	Published September 2020	Publish key ethical policies 2020
People in the supply chain	Membership of Ethical Trading Initiative*	Not part of any ethics initiative	Joined Ethical Trade Initiative November 2020	Strengthen foundations for ethical programme
People in the supply chain	Join the Open Apparel Registry	Not published	Published October 2020	Publish factory map 2020
People in the supply chain	Greater transparency of supply chain for stakeholders – Factory list 2020 to include Licensee production countries	Published factory list October 2019	Published factory list and map October 2020	Publish factory list 2020
People in the supply chain	Develop mapping tools and communication for suppliers	New for Ted Baker	Map 100% subcontracting units used for Ted Baker production	Greater traceability within supply chain
Community + charity	Continued community engagement	Supported five community projects	Supported seven community projects through donations	Strengthen Ted Baker's community engagement
Investment in wellbeing	Greater investment in mental health	New for Ted Baker	launched a global online Wellbeing Hub – focused on health, wealth and inner self	Redevelopment of wellbeing programme
Investment in skills	Drive high levels of employee engagement	New for Ted Baker	Preparing partnership with Peakon for June 2021	Increasing engagement scores every quarter, every year
Investment in skills	Investment in the growth of our collective skills	Not published	Six of our Retail team members completed their 'B-Ted' learning programme – based on a Foundation Degree in Retail Management, in partnership with the Fashion Retail Academy Relaunched our apprenticeship-levy-funded training via a dedicated online apprenticeship hub	Increased investment in our teams

Mapping our targets against the World Economic Forum framework continued

Focus	Ted Baker key initiatives	2019	2020	Our stated targets
Commercial sustainability	More sustainable options available to customers	New for Ted Baker	Launched 'Conscious Shop' featuring sustainable pieces	Increase sustainable options on website
Commercial sustainability	More visibility of sustainability programme for customers	New for Ted Baker	Refreshed website	Increased visibility of sustainability programme to customers
Community + Charity	Ted Baker's Bazaar range launched, with all proceeds going to charities	New for Ted Baker	Donated sales of £35,800 across four charity partners through the pandemic	100% of proceeds of Ted's Bazaar lines donated to charity during the pandemic
Community + Charity	Donation of coats for Wrap Up London	316 coats donated	716 coats donated	Facilitate coat donations for Wrap Up London
Investment in people	Investment options available to team members	Not published	Launched two new share plans, Ted Baker Long-Term Incentive Plan 2020 and Ted Baker Incentive Plan 2020	Wider incentive options available to team members

PLANET

An ambition to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.

Focus	Ted Baker key initiatives	2019	2020	Our stated targets
Climate	Donation of unsold + damaged stock to charity	38 tonnes diverted	21 tonnes diverted	Zero textiles to landfill
Climate	Development of carbon strategy	No climate strategy	Joined BRC Climate Action Road Map	Set science-based targets and carbon strategy FY21
Climate	Development of carbon strategy	No climate strategy	Joined WRAP Textiles 2030 initiative	Set science-based targets and carbon strategy FY21
Climate	Switching to renewable energy	Non-renewable energy only	100% renewable energy in UK stores and our head office, UBB	Reduce greenhouse gas emissions
Innovation	Uptake of sustainable fibres in collections**	12% total materials more sustainable	17% total materials more sustainable	100% sustainable materials by 2030
Innovation	Uptake of Better Cotton Initiative cotton in products	52% cotton from sustainable sources	69% cotton from sustainable sources	100% cotton from sustainable sources by 2024
Innovation	Switching viscose to sustainable alternatives**	14% from more sustainable sources	16% from more sustainable sources	100% regenerated cellulosic from sustainable sources by 2025
Innovation	Guidance provided for production teams	New for Ted Baker	Developed preferred supplier list + Sustainable Fibre Standard	100% sustainable materials by 2030
Traceability	Joined Leather Working Group, mapping of finishing tanneries	26% all leather products from LWG tanneries	27% all leather products from LWG tanneries	100% leather from Leather Working Group certified tanneries by 2025

*ETI – Ethical Trading Inititave – worker rights membership.

**Data produced annually (January 2021).

Revitalising our approach to risk

Risk management is a key part of Ted Baker's business strategy and success. As with any business, we face inherent risks, and we keep these under constant review. At the same time, we consider potential new risks and actions we can take to reduce or where possible eliminate them. Of course, risk management is not an exact science; it is designed to manage the risk of failure to reach our business objectives. Not surprisingly, in a year that has seen heightened risks ranging from Covid-19 to the recapitalisation of the balance sheet and the stock inventory review, risk has been high on our agenda.

Jon Kempster
Chair of the Audit & Risk Committee

"A key focus in the year for the Board and the newly constituted Audit & Risk Committee has been a revitalised approach to risk and internal controls."

As a result, we have reviewed our approach to risk through the year. Important actions included the refresh of the management Risk Committee and developing our Group-wide programme to risk, which lets us identify, analyse and assess risks and then manage, control and monitor them. The Board and the Audit & Risk Committee work together with the management Risk Committee to deal with different aspects of the process. Our ongoing process for identifying, evaluating and managing the significant and emerging risks faced by the Group has been in place throughout the year.

The tables that follow outline the key risks we have identified, their trends, potential impact on the business and how we manage them together with the primary emerging risks.

plc Board
Ultimately responsible for risk management

↓

Audit & Risk Committee
(i) Monitors the effectiveness of the system of risk management and internal controls; and
(ii) Reviews and challenges key risks, associated controls and management action plans

↓

Executive Board
Oversees the Group's risk management processes and monitors mitigating actions

↓

Risk framework
Ensures consistent approach across the Group

↓

Wider business

↔ **Internal Audit**

OVERSIGHT

Our risk oversight is designed to give a clear picture of risk from every angle, from Group to operational levels.

Board	The Board is ultimately responsible for our approach to risk management and internal controls. It is also responsible for reviewing the effectiveness of our management and controls and setting the Group's appetite for risk. This is done on a regular basis, helping us to identify emerging risk and assess the status of existing risk. Risk management will continue to be a key focus for the Board next year.
Audit & Risk Committee	The Audit & Risk Committee is responsible for overseeing and reviewing the effectiveness of the Group's internal control and risk management systems. It reports its findings to the Board regularly through the year and also assesses the findings and recommendations of the Management Risk Committee and the Group's external and internal audit processes, then looks critically at how the business responds.
Executive Team	The Executive Team is responsible for the identification and evaluation of significant risks applicable to their areas of the business, along with the design and operation of suitable internal controls. These risks are assessed on an ongoing basis through the year and may be associated with a variety of internal or external sources.
Management Risk Committee	The management Risk Committee was re-established last year. It reviews risk management and control process for each of our key business areas. Its members include relevant people from the Executive Team and heads of department. This is designed to give more people ownership of risk across the business and to keep risk front of mind on a day-to-day basis.

OUR WORK THIS YEAR

A key focus for the Board and the Audit & Risk Committee has been on reinvigorating Ted Baker's approach to risk and internal controls. As reported on page 73, we commissioned Deloitte to help us create a phased project to review and make recommendations to strengthen our existing internal controls framework.

The first phase of the project looked at key business cycles: revenue, purchase to pay, inventory and record to report, which have a greater inherent risk. An assessment of these business cycles identified a number of areas that needed improvement. The second phase assessed general IT controls, along with payroll, treasury and financial instruments, fixed assets, tax management and budgeting and forecasting.

This was followed by a programme to review our operating effectiveness. You will find more detail about this in the Audit & Risk Committee Report on pages 72-75.

During the year the Audit & Risk Committee worked with the Executive Team on an extensive review of the business strategy, including the risk management and controls process in each key business area, then supported management to drive improvements across the business. The aim of these reviews is to uncover and avoid problems in the future by investigating material issues and putting new actions in place or supplementing existing actions. This review covered all material controls, including financial, operational and compliance controls.

The Committee also considered the work done by the management team to finalise the year end accounts including key measures taken such as to consider our controls, systems, processes and risk management systems in relation to the financial reporting process and the way we have been audited. The Audit & Risk Committee is satisfied that the accounts and the results have been subject to stringent review, test and examination.

The Executive Team reviews risk through the lens of the Group's strategic transformation and financial plan (Ted's Growth Formula). They focus on potential control breakdowns, disruption in information systems, competition, natural catastrophes and regulatory requirements. The Chief Financial Officer considered the key risks inherent in the business and the system of controls necessary to manage these risks. He presented his findings to the Audit & Risk Committee and the Board on a regular basis through the year, including recommendations and reviews from the Management Risk Committee.

The Chief Executive Officer reported regularly to the Board on changes in the business and the external environment that affected significant risks. The Executive Team also shares the monthly financial information with the Board, which includes updates about the Group's progress in achieving its goals, against our key performance indicators and risk assessment.

The management Risk Committee, whose members include the Chair of the Audit & Risk Committee and the Chief Financial Officer, worked with the Executive Team on the extensive review of risk management and control process across the business, outlined above. It also supported management to implement the improvements this review identified.

The Group is resuming and increasing focus on the internal audit area and changing from outsourcing the function to bringing it in-house. The business is now recruiting the Head of Internal Audit role and will rebuild the internal audit resourcing. This will also include working to refresh and update our anti-bribery and corruption policies. Whilst the Group has policies in relation to the supplier code of conduct, including environmental matters, and with regard to Group team members' conduct, it does not have explicit policies pulling together all areas of anti-bribery and corruption. This will be a priority for the year ahead. The Audit & Risk Committee is responsible for monitoring and reviewing the effectiveness of internal audit activities.

This year, the Audit & Risk Committee reviewed and adopted revised terms of reference which can be found on the Company website www.tedbakerplc.com. The revised terms cover:

- The authority, resources and co-ordination of those involved in the identification, assessment and management of significant risks faced by the Group
- The response to the significant risks which have been identified by management and others
- The maintenance of a controlled environment directed towards the proper management of risk
- The ability to raise awareness of potential emerging risks and their assessment
- The annual reporting procedures.

Principal risks

Clarity and focus are the keys to successful risk management. In a year of unexpected and rapid changes, this has helped us stay ahead, identifying and managing risks as they appear. The tables below outline the key risks we have identified, their trends, potential impact on the business and how we manage them, together with what we believe are the primary emerging risks.

MARKET RISKS			
Risk category/Issue	**Potential issue**	**Mitigation**	**Change in level of risk**
Covid-19	The longevity of the pandemic could lead to further lockdown store closures, team members on furlough and the need to discount. This could lead to more redundancies and store closures in the longer term.	While some sales may migrate to the Company's eCommerce operations, it is unlikely that sales through this distribution channel will fully replace revenue lost to store and concession closures. We will need to explore all UK government support schemes and take steps to reduce costs and protect cash flow. This will include suspending all non-essential capital expenditure, stopping discretionary operating expenses, furloughing team members and restricting travel.	↑ Increased, as pandemic impact spread globally
ECONOMIC DOWNTURN	Due to a slowdown in the economy, there is a decrease in demand for Ted Baker's products. For example, people have less disposable income to spend on non-essential items. This could lead to the need to discount and reduce margin or hold excess stock, ultimately affecting the bottom line and business profitability/viability, as well as damaging the Ted Baker brand.	We carefully manage costs and regularly update the Board on performance. We work to ensure our fixed costs are managed well. And we make sure we are 'no ordinary brand', with product that reflects this differentiated positioning and continues to attract customers.	↑ Increased, as a result of the global pandemic
COMPETITION	A lack of insight around customers and competitors could result in Ted Baker being overtaken by the competition, particularly if our market position isn't clear. This could reduce our market share and supply chain buying power if we are not seen as competitive with other brands or we fail to offer a competitive and suitably diverse product mix.	We regularly review performance, product, price and our competitors to make sure we are best placed to succeed in a competitive market. We continue to invest in our online business, including the appointment of a Chief Customer Officer, Jennifer Roebuck, to steer this activity.	↑ Increased, as a result of the global pandemic
CHANGING CUSTOMER PREFERENCES	We fail to understand and respond to changes in customer preferences. For example, lack of stock diversity or preferred shopping channel, or lack of influencer recommendation, results in Ted Baker losing its competitive edge. This could lead to a loss of sales, reduced margins, missed opportunities for growth or a poor balance of sales channels.	We maintain a high level of market awareness and an understanding of consumer trends and fashion so we can respond to changes in consumer preference. We use customer data to develop targeted marketing and promotional activity. We continue to focus on product design, quality and attention to detail.	↑ Increased, as a result of the global pandemic

MARKET RISKS

Risk category/Issue	Potential issue	Mitigation	Change in level of risk
EXECUTION OF TRANSFORMATION STRATEGY	Failing to deliver our corporate transformation strategy could result in Ted Baker not realising the long-term goals of the business. This could be a result of: — The wrong transformation strategy being rolled out to the business (or failing to pivot that strategy if the operating environment changes). — A lack of bandwidth – starting on too many activities without sufficient resource, an inability to focus on future value due to short-term firefighting, an inability to retain and recruit the right talent, confusion around responsibility for individual workstreams, misaligned prioritisation or competing priorities. For example, failing to align our finance strategy with the wider business strategy, inability to deliver strategy due to budget constraints.	The Group's Directors and Executive Team have set up regular reviews to monitor and assess the ongoing progress of the new transformation strategy with detailed execution plans. These plans are designed to successfully deliver the new strategy while reducing any new risk.	No change
REAL ESTATE AGILITY	Unable to respond to market changes around real estate – meaning we cannot negotiate new contracts that support a profitable store opening and/or exit old contracts that are no longer commercially viable. Inability to structure leases in a flexible way could limit our ability to operate on the high street or being tied to long and potentiality expensive leases.	We have launched a comprehensive programme of landlord renegotiations internationally to ensure that existing and new contracts are both flexible and commercially viable.	Increased as a result of the global pandemic
MARGIN DELIVERABILITY/ FOREIGN EXCHANGE	Factors such as foreign exchange movements, an inability to pass on increased costs to customers and produce goods for less could mean the Company fails to meet our goal to improve margin.	We maintain a regular and rigorous forecasting cycle that enables early action to hedge foreign exchange risk and manage cost variations.	No change

REPUTATIONAL RISKS

Risk category/Issue	Potential issue	Mitigation	Change in level of risk
BRAND REPUTATION/ IDENTITY CRISIS	A revitalised product mix with a new composition of product categories, combined with a change in focus on target audience could send mixed messages to consumers, resulting in a loss of core loyal customers and failure to engage new customers and influencers.	Our dedicated team focuses on reputational matters relating to Ted Baker. The team is made up of internal stakeholders and external consultants. We deal with reputational issues swiftly and in a considered way. We carefully consider each new partner we do business with. And all partners are subject to due diligence and monitored on an ongoing basis to make sure they remain appropriate for the brand.	Increased as we implement the transformation strategy
CORPORATE REPUTATION	Exposure of stakeholders to negative media stories could lead to reputational damage affecting the ability to attract and retain investors, customers and team members.	We have clear governance and people policies that seek to prevent reputational issues arising.	No change

SUPPLY AND VALUE CHAIN RISKS			
Risk category/Issue	**Potential issue**	**Mitigation**	**Change in level of risk**
SUPPLIER RISK	A failure to evaluate suppliers, set up suitable commercial contracts, or establish supplier management protocols (including ongoing monitoring), could leave Ted Baker exposed to supplier failure, an inability to source goods or significant margin pressure.	We have reduced the number of suppliers globally, concentrating on our strongest partnerships.	Reduced
CRITICAL PATH/ AGILITY	Without creating a more agile approach to the critical path and enhancing speed to market we won't be able to take advantage of opportunities in the market as they arise and would lose out to competitors who can respond faster.	We continue to review the length of our critical path to maximise our responsiveness and agility. We maintain flexibility in buying through creating room for 'open to buy' in portions of stock planning and 'speed to market' in areas of product design.	Increased, as a result of the global pandemic
CONTROL ENVIRONMENT	Insufficient or inadequate checks, controls and processes could result in limited financial oversight, leading to errors, misstatement or fraud. A weak control environment could lead to poor business decisions or decisions made by team members who do not have adequate insight or authority such as changing supplier or customer payment terms, oversight over stock quantities and stock buy. A weak control environment could also lead to an impaired ability to forecast revenues and profits and inaccurate accounting.	We are executing a broad controls remediation programme with the support of a specialist team from Deloitte. This programme ensures continuous review of controls as well as progressive improvements.	No change
MERCHANDISING/ STOCK OBSOLESCENCE	Inventory risk due to stock obsolescence could lead to a write-off that damages profitability and asset value.This could be a result of inaccurate forecasting, lack of relevance to customers, high price points or poor inventory controls, and poor management of revenue data to drive decision-making.	We maintain a regular and rigorous forecasting cycle that enables appropriate stock ordering, as well as early action to recognise and monetise elevated stock levels.	No change
IT RESILIENCE AND CONTINUITY	A lack of resiliency or business continuity plans could result in a failure to withstand any shocks and an inability to adapt during a crisis. For example, failure to take more sales online while shops are forced to close, inability to adapt effectively and communicate action required during a crisis.	We have a steering committee to review major IT projects and an infrastructure of senior team members across IT, legal and procurement along with external professional advisers. We have introduced a new security manager role and adopted new security measures during the year. In addition, the Group has a clear and robust approach to change management with project managers to overseas major projects with the key business stakeholders.	No change

PEOPLE RISKS			
Risk category/Issue	**Potential issue**	**Mitigation**	**Change in level of risk**
TALENT MANAGEMENT	Failing to attract and retain the best talent could mean we cannot achieve our strategic goals through a lack of the innovation, objectivity and diversity we need to support customer and market needs. We may not meet our business objectives if we fail to retain and train existing team members so their skill sets evolve to meet the needs of the business. Failing to attract new team members with the right capabilities and ensuring market competitiveness (through competitive salary, benefits and flexible working) could also undermine our ability to complete our transformation strategy.	Identification and retention of key talent is vital and we take active steps to keep the team stable and secure. An annual benchmarking review ensures we offer competitive remuneration and total reward packages. We also utilise long-term incentive schemes to retain key talent. Employee engagement through our culture and environment strengthens the commitment of team members and has a positive impact on our retention rate. Succession plans are in place and have been reviewed during the period. The Group has put policies and procedures in place to detect and deal with people matters. This includes robust reporting channels through an independent helpline.	No change

Emerging risks and uncertainties

PEOPLE RISKS			
Risk category/Issue	**Potential issue**	**Mitigation**	**Change in level of risk**
DIVERSITY AND INCLUSION	Without a sufficient focus on inclusion across all levels of the business there is a risk that team members will become demotivated which could damage performance and reputation.	The business has engaged a specialist consultancy to support us as we build our inclusion strategy. We have held listening sessions across the Group and we are building a clear plan to recognise inclusivity as a global business.	New risk

PRIMARY WATCHLIST	
Category/Issue	**Risk description**
DATA ANALYTICS/DATA MANAGEMENT	A lack of understanding and effective use of collected data could result in Ted Baker missing opportunities to strengthen its business and drive informed decision-making through robust management information and data analysis. For example, this could include using collected customer data to perform analytics that gather insights on customer demands and use this to improve decision-making and customer engagement.
MARKETING/CONSUMER TARGETING	Limited investment in marketing and supporting the new product mix or targeting the incorrect customer profile, new influencers and joint venture partners could lead to missed revenue opportunities, with products failing to realise their full potential and being overshadowed by competitor products. Focusing on customers who don't align with Ted Baker's product and brand could also lead to a loss of brand equity.
RISK AND CRISIS MANAGEMENT	The absence of a clearly defined risk management strategy and poor dedicated resource could result in a lack of awareness of internal and external business critical risks. This could lead to: a lack of insight into how and when risks could affect the business and the potential damage they could cause; an inability to identify and address emerging risks; a failure to monitor changes in the level of existing risks; and a failure to ensure effective controls are in place to manage these risks. All this could result in failure to proactively manage risks, leading to the need to adjust the business strategy and/or associated assumptions with little warning.
SALES CHANNEL OPTIMISATION	Disagreement about and a lack of clarity on Ted Baker's channel strategy, including our eCommerce strategy, could result in missed growth opportunities. This could lead to competitors overtaking Ted Baker's market share with customers seeking out a more versatile retailer.
INCREASING REGULATIONS/LEGAL/TAX COMPLIANCE	Failure to comply with relevant regulatory requirements in relation to tax, financial reporting, health and safety and GDPR could lead to fines and legal actions. For example, fines or penalties when there is failure to comply with changing export/import regulation.
SUSTAINABILITY AND CLIMATE CHANGE	Our business depends on our suppliers being able to maintain continuity of service to provide a consistent supply of goods to customers. In addition, natural events and increasing changes to governmental policy may affect our suppliers ability to do this.

Viability statement and going concern

VIABILITY STATEMENT

In accordance with Provision 31 of the UK Corporate Governance Code dated July 2018 (the Code), the Directors have assessed the prospects and viability of the Group, taking into account the Group's current position and the potential impact of principal risks documented above.

The Group's objective remains the same; to continue to grow and develop the Ted Baker brand through Ted's Growth Formula which is supported by the actions undertaken during the year to support the balance sheet in the sale and lease back of our head office and equity raise.

The Group operates a three-year plan, which is updated and reviewed regularly by the Board. Within the three-year plan, detailed scenario planning and stress testing was carried out over a period to 27 January 2024, in the form of a Base Case and a Severe but Plausible forecast, to assess the viability and prospects of the Group with a high level of certainty. The key assumptions made in the formulation of the three-year plan are the increased exposure and promotion of the Ted Baker brand through digital, geographical diversification of sales, growth of eCommerce and turnover projections. The Severe but Plausible forecast was overlaid after considering a prolonged severe disruption to trade caused by the Covid-19 pandemic, while also considering current and future risks disclosed in the Annual Report.

The Directors' assessment has been further enhanced by analysing the current and future risks, controls and assurances available, resulting in a clear picture of the risk profile across the whole business. The principal risks that could affect the future viability of the Group over the three years are identified on pages 50-53 in Principal Risks and Uncertainties. In making this assessment the Directors have considered the resilience of the Group to the occurrence of these risks in both Base Case and Severe but Plausible scenarios.

In addition, the Board has considered the impact on the Group's cash flows, headroom, covenants and other key financial ratios under both Base Case and Severe but Plausible scenarios. The Board has considered the Group's refinancing and covenants within the Financial review section on page 30 and below within the Going Concern section. Sensitivity analysis was used to stress test the Group's Base Case and Severe but Plausible scenarios to confirm that sufficient headroom would remain available under the Group's credit facilities. The sensitivity analysis was performed in the form of a Reverse Stress Test described further in the Going Concern section below.

The Group has also stress-tested the Group's strategic plans in light of Covid-19 and the impact on the business and global trade. The situation is continually evolving which in turn is creating uncertainty across most of the Group's markets.

The Board has considered that under each scenario tested, the mitigating actions would be effective and sufficient to ensure the continued viability of the Group and adequate liquidity and covenant headroom exists. The Directors have further considered the Severe but Plausible downside scenario and the associated uncertainty expanded in the Going Concern section below.

For the reasons stated above, based on the robust assessment undertaken, the Directors confirm they have a reasonable expectation that the Group will be able to continue in operation, and meets its liabilities as they fall due, over the period of assessment.

GOING CONCERN STATEMENT

The consolidated financial statements have been prepared on a going concern basis. The Directors have prepared a going concern assessment covering the 12-month period from the date of signing these financial statements, which demonstrates that the Group is capable of continuing to operate within its existing facilities and can meet its financial covenant tests during the period. The Directors' assessment considers the principal risks facing the business, and a series of financial forecasts, which include a review of current performance and forecasts of revenue across all sales channels combined with ongoing expenditure including capital expenditure and borrowing facilities. The forecasts have been prepared whilst considering various levels of disruption from the Covid-19 pandemic. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements for the reasons set out below.

The Group acted quickly to mitigate the impact of Covid-19 by taking steps to strengthen the balance sheet through the restructuring of debt, the sale and leaseback of the Group's head office and the equity raise completed in June 2020. At 30 January 2021, the Group held £66.7 million of cash balances.

At 30 January 2021, the Group's financing arrangements comprised of two facilities, a £107.8 million Revolving Credit Facility maturing in September 2022, and a £25.0 million restricted Revolving Credit Facility maturing in January 2022. At year end, neither facility had been drawn down. On 24 May 2021, the Group successfully refinanced existing debt facilities, reducing the size of the facility to reflect future forecasts for the business. The existing facilities totalling £132.8 million have been replaced with a £90 million Revolving Credit Facility, reducing to £80 million in January 2022, before maturing in November 2023. Financial covenants within the facility have been set at levels that reflect past store closures and future levels of disruption modelled within the Severe but Plausible scenario. The Directors have concluded that this facility provides adequate liquidity and financial covenant headroom under all downside scenarios described below.

In making the going concern assessment, the Group has modelled a number of scenarios for the period to June 2022. The Base Case scenario is consistent with the Board approved FY22 budget. This scenario assumes there are no further lockdowns, with a slow return to global economic recovery. This includes growth assumptions that factor a continued challenge to physical retail, wholesale and licence channels. The Group has forecast strong growth in the online retail channel driven by a continued customer shift towards online spend compared to pre-Covid preferences, supported by continued investment in our online platforms and related marketing spend. Total forecast Group sales remain below pre-Covid levels for the 12-month going concern period with margins returning to pre-Covid levels.

In light of the considerable uncertainty surrounding the ongoing impact of Covid-19, a Severe but Plausible downside scenario has also been modelled, applying severe but plausible assumptions to the Base Case. This scenario assumes all sales channels, including own stores, online, wholesale and licence income, are further disrupted throughout the 12-month going concern period. Further, this scenario assumes a two-month lockdown in December 2021 and January 2022, with a gradual recovery in the months that follow. The Severe but Plausible scenario does not assume any deterioration in margins and only assumes that directly attributable variable costs are reduced, with all remaining costs in line with the Base Case. Within the 12-month going concern period, this translates to total turnover that is +23% and -32% against the same period in 2021 and 2020. Under the Severe but Plausible scenario, the Group has adequate liquidity and covenant headroom throughout the going concern period.

In addition, the Directors have performed a Reverse Stress Test, applying further downside trade reductions to the Severe but Plausible scenario to demonstrate the value of lost sales until financial covenants within the facility signed 24 May 2021 are breached. Liquidity under the facility is adequate, even under the Reverse Stress Test. In addition to the trade reductions described below, this scenario considers the year-to-date performance as at the date of the assessment and a reduction to directly attributable variable costs associated with a reduction in turnover. If such a downside scenario were to materialise, the Directors would consider significant cost savings initiatives around areas such as central and head office payroll, overhead expenditure, marketing costs, rents, warehousing costs and professional fees; however for the purpose of this analysis, none of these cost saving efforts are included within the modelling. In the Reverse Stress Test, trade reductions have been gradually applied to all sales channels during the 12-month going concern period. Store, wholesale and licence income reductions of up to 20% and online reductions of up to 10% have been applied against the Severe but Plausible scenario. Within the 12-month going concern period, this translates to total turnover that is +11% and -39% against the same period in 2021 and 2020. In the Reverse Stress Test, the quarterly financial covenant reported in April 2022 would be the only one impacted during the going concern assessment period, allowing the Directors time to take appropriate actions if there are early signs of a prolonged reduction in trade.

As a result of the above analysis, the Directors have concluded that the Group has sufficient financial resources to continue in operation and meet its obligations as they fall due for the 12-months from the date of approval of these financial statements.

NON-FINANCIAL INFORMATION REGULATION

Under sections 414CA and 414CB of the Companies Act 2006, as amended by the Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, we must include in our Strategic report a non-financial information statement. The information required is included in Our sustainability story and Risk Report on pages 34-53. You can read about our business model on pages 12-19 and our non-financial key performance indicators can be found on pages 24-25.

SECTION 172(1) STATEMENT AND STAKEHOLDER ENGAGEMENT

See pages 63-64 within Governance for our section 172(1) Statement. This describes how the Directors have had regard to stakeholders' interests when discharging their duties set out in Section 172 of the Companies Act 2006. Our engagement activities with stakeholders and the impact of those interactions are set out on pages 64-65.

The Board approved the Strategic report on pages 1-56 of this Annual Report on 13 June 2021.

By order of the Board

Peter Hearsey-Zoubie
General Counsel & Company Secretary
13 June 2021

GOVERNANCE REPORT

GOVERNANCE REPORT

JOHN BARTON
Chair

Nationality British
Appointment Appointed to the Board as Chair 1 July 2020

Skills and experience
John has a wealth of experience, having held senior non-executive positions across a number of leading consumer-facing businesses. John has previously served as Chair of Next plc and Cable and Wireless plc. John has also previously been Senior Independent Director of both WH Smith plc and SSP Group plc.

External appointments
John also serves as Chair of Easyjet plc, having held the role since 2013. John is also a Non-Executive Director of Matheson & Co Ltd.

Committee membership
D

RACHEL OSBORNE
Chief Executive Officer

Nationality British
Appointment Rachel joined Ted Baker as Chief Financial Officer 11 November 2019 and was appointed Acting Chief Executive Officer 10 December 2019 and Chief Executive Officer 30 March 2020

Skills and experience
Rachel is a Chartered Accountant with more than 20 years' brand and retail sector experience. Rachel joined Ted Baker from Debenhams Retail Limited, where she held the role of Chief Financial Officer. Rachel has broad experience of consumer-facing brands in her previous positions as Chief Financial Officer at Domino's Pizza Group plc, Finance Director of Group Enterprise at Vodafone and Finance & Strategy Director at John Lewis. She has also held senior positions with Sodexo, Kingfisher and PepsiCo.

External appointments
N/A

Committee membership
D

DAVID WOLFFE
Chief Financial Officer

Nationality British
Appointment David joined as interim Chief Financial Officer 2 January 2020 and was appointed Chief Financial Officer 18 May 2020

Skills and experience
David has over 20 years' experience in finance roles for both public and private businesses, including the Group CFO role at HMV Group Plc. He has held senior financial and executive positions at leading global consumer and media businesses, including the roles of Finance Director of ITV Studios, CFO at AOL Europe, and Finance Director, BBC Magazines and Consumer Publishing. From 2018 until joining Ted Baker, David has been Interim CFO in a series of private equity backed retail and technology businesses.

External appointments
N/A

Committee membership
D

ANDREW JENNINGS OBE

Independent Non-Executive Director

Nationality British
Appointment Appointed to the Board 1 February 2014

Skills and experience
Andrew has invaluable experience in the international retail industry of over 45 years at some of the world's most respected high-end speciality and department stores. Previously, CEO of Holt Renfrew Canada, CEO of the Karstadt Group in Germany and prior to this has held a number of senior executive positions at leading UK and international retailers including President, Saks Fifth Avenue in the USA; Group MD, Woolworths (SA); General Manager, Harrods; CEO, House of Fraser in the UK; and Deputy Chair, Brown Thomas in Ireland.

External appointments
Chair of The Prince's Trust Retail, Leisure & Hospitality Board. Chair of Boschendal SA, Board member Alpha SA, Chair of 42 Acres Retreat & Farm.

Committee membership
A N R

HELENA FELTHAM

Senior Independent Non-Executive Director

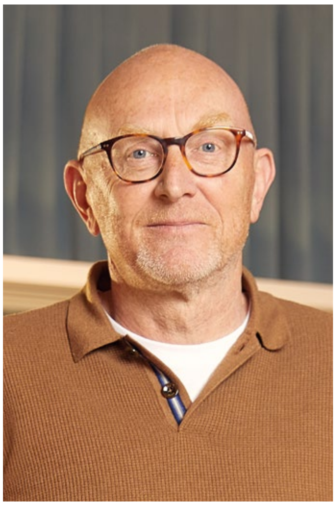
Nationality British
Appointment Appointed to the Board 1 May 2019 and as Senior Independent Director 17 December 2019

Skills and experience
Helena has over 30 years' experience in Retail and Human Capital Leadership. She was formerly People Director at B&Q and, prior to that, held the role of Human Resources Director at Marks & Spencer, Woolworths South Africa and Jack Wills. She has also spent a number of years of her career in executive search with Odgers Berndtson, covering senior appointments across public and private sectors. Helena has served as a NED in the NHS, as an independent director for the Assembly of Wales and as a Justice of the Peace.

External appointments
Helena is a NED and Trustee for the Retail Trust where she chairs the Wellbeing Committee. She is also a director and advisor at Dogwoof, a film production and distribution company.

Committee membership
A D N R

Also, designated Non-Executive Director for workforce engagement.



JON KEMPSTER

Independent Non-Executive Director

Nationality British
Appointment Appointed to the Board 17 December 2019

Skills and experience
Jon is a chartered accountant and his career has included CFO board positions at Delta Plc, Fii Group Plc, Linden Plc, Low & Bonar Plc, Frasers Group Plc, Utilitywise plc and Wincanton plc. Jon qualified as a Chartered Accountant with PriceWaterhouse in 1990 and has a BA (Hons) in Business Studies from the University of Liverpool. Jon's broad experience and financial background brings additional knowledge and support to the Board and the Audit & Risk Committee as Chair.

External appointments
Jon is a Non-Executive Director and Audit & Risk Committee Chair at Redcentric plc, Bonhill Group plc, Serinus Energy plc and a Trustee of the Delta plc pension scheme. Jon is also Non-Executive Director of FireAngel Safety Technology Group plc and advises other private groups on an ad hoc basis.

Committee membership
A N R

COLIN LA FONTAINE JACKSON

Non-Executive Director

Nationality British
Appointment Appointed to the Board 1 September 2020

Skills and experience
Colin brings strong corporate finance and legal experience to the Board, having spent over 25 years advising clients across a range of industries. Prior to founding corporate finance boutique Hopton Advisers in 2014, Colin worked at Quayle Munro, ING Barings and Charterhouse Securities. He qualified as a solicitor with Clifford Chance.

External appointments
Colin is a Partner at Hopton Advisers LLP. He is also a Non-Executive Director of Ivory Worldwide (Holdings) Limited and MAIA Technology Ltd.

Committee membership
None

A Audit & Risk Committee
D Disclosure Committee
N Nominations Committee
R Remuneration Committee
C Chair

Skills and experience

Our Executive Team has a wealth of experience and skills developed at Ted Baker and other leading brands. As a result, we have well-rounded resources to call on to steer the business and overcome new challenges.

RACHEL OSBORNE
Chief Executive Officer

Appointment March 2020

Skills and experience
Rachel is a Chartered Accountant with over 20 years' brand and retail sector experience. She joined Ted Baker from Debenhams Retail Limited, where she held the role of Chief Financial Officer. Rachel has broad experience with consumer-facing brands in her previous positions as Chief Financial Officer at Domino's Pizza Group plc, Finance Director of Group Enterprise at Vodafone and Finance & Strategy Director at John Lewis. She has also held senior positions with Sodexo, Kingfisher and PepsiCo.

DAVID WOLFFE
Chief Financial Officer

Appointment May 2020

Skills and experience
David has over 20 years' experience in finance roles for both public and private businesses, including the Group CFO role at HMV Group Plc. He has held senior financial and executive positions at leading global consumer and media businesses, including the roles of Finance Director of ITV Studios, CFO at AOL Europe and Finance Director, BBC Magazines and Consumer Publishing. From 2018 until he joined Ted Baker, David was interim CFO in a series of private equity backed retail and technology businesses.

ANTHONY CUTHBERTSON
Global Creative Director

Appointment November 2020

Skills and experience
Anthony has more than 20 years' experience in the fashion industry. He brings a wealth of experience and creativity to Ted Baker with his past roles as Global Creative Director/Design Director at Topshop/Topman, Roberto Cavalli, Sass & Bide, Joseph, Rene Lezard, Ralph Lauren, Burlington and DAKS. He has also consulted for Mulberry, Victoria Beckham, Donna Karen, Amanda Wakeley, Moncler and Max Mara.

PETER COLLYER
Chief People Officer

Appointment January 2020

Skills and experience
Peter's remit includes all things people and culture related. Our sustainability and ethics team also reports to him. His career spans 29 years in HR with 25 in retail, hospitality, leisure, investment banking and consumer products. Previous roles include: People Experience Director, ASOS.COM, SVP Global HR, Claire's Inc., VP HR Retail & Licensing, The Walt Disney Company Ltd, Director People & OD, Oasis Stores Plc and Senior HR Executive at Yamaichi International. He began his career as an apprentice chef and gained broad experience working in hospitality for 10 years.

JENNIFER ROEBUCK
Chief Customer Officer

Appointment April 2020

Skills and experience
Jen joined Ted Baker as a Non-Executive Director in October 2017 and became Chief Customer Officer on 1 April 2020. She is a consumer marketing and digital commerce expert with more than 20 years' brand, digital and consumer experience. She joined Ted Baker after co-founding a consumer technology entertainment business REVL, where she held the role of CMO and Co-founder. Jen has a broad experience of marketing and eCommerce in her previous positions as CMO at Feelunique, Multi-Channel Director at French Connection and Head of Music and Customer Acquisition at Orange Telecom. She has also held senior positions at Bank of America, Nectar (LMUK) and Aurora Group (Warehouse) in addition to co-founding a restaurant chain, Tortilla, in the UK.

TIKKI GODLEY
Group Trading Director

Appointment May 2005

Skills and experience
Tikki joined Ted Baker as a Junior Merchandiser in 2005 and worked her way up through the Group to become Trading Director in 2014. With over 20 years' experience in merchandising, she also took on responsibility for the Buying and Production departments in 2020.

ARI HOFFMAN
CEO – North America

Appointment December 2019

Skills and experience
Ari has responsibility for Ted Baker's North American market. Before joining Ted Baker, he has spent his career in the fashion/retail space, leading and managing the Americas for respected international brands, including Scotch & Soda for five years. He was CEO at Gant for 10 years, President of Yves Saint Laurent for 13 years and President of Lacoste for five years.

HELEN COSTELLO
Group Commercial & Business Development Director

Appointment December 2020

Skills and experience
Helen is responsible for wholesale, retail, territory franchise and joint ventures outside North America as well as overall product licensing. She is collaborating with the Executive Team to re-energise the brand proposition and create sustainable profitable growth. She has held key commercial and executive appointments at several high-profile global fashion brands, most recently as Managing Director, International at rag&bone and previously as Wholesale and Franchise Director at Bottega Veneta and General Manager of Prorsum at Burberry.

LEON SHEPHERD
Chief Information Officer

Appointment November 2017

Skills and experience
Leon is accountable for technology strategy and delivery alongside leading the overall business transformation programme. He has a breadth and depth of experience gained from senior leadership roles in a number of large scale, global organisations such as Marks & Spencer and Vodafone. He is a strong advocate for technology innovation, in particular in the areas of cloud technology, AI and cyber security.

PETER HEARSEY-ZOUBIE
General Counsel & Company Secretary

Appointment February 2019

Skills and experience
Peter qualified as a solicitor in 1989 and practised in the City at Field Fisher before moving in-house. He has over 20 years' in-house legal and governance experience in the retail sector.

DIRECTORS WHO RESIGNED DURING THE PERIOD

JENNIFER ROEBUCK
Non-Executive Director

Jen was appointed as a Non-Executive Director on 29 September 2017. Following the announcement on 29 January 2020 that Jen would be taking up the executive position of Chief Customer Officer, Jen resigned her position as a Non-Executive Director and left the Board from 1 April 2020.

Committee membership
Jen was a member of the Nominations Committee.

SHARON BAYLAY
Non-Executive Director and Acting Chair

Sharon was appointed as a Non-Executive Director on 15 June 2018 and Acting Chair on 10 December 2019. Following the announcement of the appointment of John Barton as Chair, Sharon subsequently decided not to seek re-election at the AGM on 21 July 2020 and ceased to be a director at that date.

Committee membership
Sharon was also the designated director for workforce engagement.

Doing the right thing

There have been a significant number of changes to the Ted Baker Board over the last 12 months. I would like to thank my predecessor Sharon Baylay for her hard work in steadying the ship through the legacy management challenges and issues around overstatement of inventory. With my arrival and the new Board now in place, good governance has been high on our agenda as we guide the business forward.

When it comes to governance, there are many important principles and disclosures that must be applied from the continually evolving worlds of regulation and legal standards. But, in the day-to-day running of the Company, I believe governance is about something very simple, something that is at the heart of the way Ted Baker does business.

As highlighted throughout this Annual Report, there is a strong sense of 'doing the right thing' that informs everything we do – this includes everyone at every level of the Company, and the Board is no exception. Good governance underpins a company's ability to thrive and find new ways to grow through even the most difficult times. I believe keeping our approach to governance focused will build long-term value for our shareholders, our people and for our customers, who are loyal to brands they believe in and trust.

The new Ted Baker Board is made up of people with broad experience and a strong ethos and work ethic. It combines the knowledge and expertise of long-standing member Andrew Jennings, with the external perspectives of our new members, CEO Rachel Osborne, CFO David Wolffe, Helena Feltham and Ray Kelvin's Nominee Director, Colin La Fontaine Jackson. Their dedication and insights have underpinned the rebuilding of trust within the business. Following an internal evaluation by our Company Secretarial team, it was highlighted that Sharon Baylay stepping down and Jennifer Roebuck moving to the Executive Team had thrown out the gender balance of the Board. As a result, our Nominations Committee will be recommending ways to ensure diversity of expertise, skills, experience, background, perspectives, and independence of thought and actions are reflected in our Board membership.

When it comes to decision making, we are very collegiate, and our meetings are conducted in an open and supportive environment. We look at each decision through the lens of our purpose, and consider the interests of our customers and suppliers, as well as team members, shareholders and wider stakeholders. This broad and robust approach has helped make change happen smoothly both internally and externally.

Over the last year, the Board has worked through every major decision with the Executive Team, both challenging and supporting them. Many of these decisions were fundamental to the survival of the business, including the sale of the Ugly Brown Building, the equity raise and the cost-out programme.

Much excellent work on employee engagement has been led by Helena Feltham with our new Chief People Officer, Peter Collyer. Open and transparent communication is key to our ability to exercise good governance, and the establishment of the independent team members 'Fresh Eyes' listening groups has helped us make progress with this and opened up a constructive dialogue between our team members and the Board. I look forward to seeing the bonds of trust between the Executive Team, our team members and the Board continue to strengthen in the coming year.

The unusual year we have been through has required our Non-Executive Directors to be far more involved than usual and this has made a significant and positive difference to the business. Their constructive input is much appreciated by everyone. The pandemic has raised other challenges beyond the business itself, for example requiring people to adapt to online Board meetings. Everyone has embraced the new normal here and, despite the barriers thrown up by not meeting in person, we have successfully built a strong and cohesive working relationship very quickly.

The subject of risk has been high on our agenda this year. Our Audit & Risk Committee, led by Committee Chair Jon Kempster, has worked with Deloitte LLP to identify key areas of risk. The review was very thorough, and we are pleased with the outcomes, which will be very important in our governance of the business in the long term. You will find details on page 73.

As we step back into our normal roles (and physically back into the boardroom itself in the near future I hope!) I would like to thank the Board, the Executive Team and everyone in the Ted Baker team for their continuing dedication and commitment.

John Barton
Chair

CREATING AND MAINTAINING THE HIGHEST STANDARDS OF GOVERNANCE

This section shows how our Directors have performed their duties under section 172 (s172) of the Companies Act 2006. S172 sets out a series of matters to which the Directors must have regard in performing their duties to promote the success of the Company for the benefit of its shareholders, which includes having regard for other stakeholders. Some information mentioned here is from other parts of the Strategic report and has been cross-referenced.

It has been a very active year for the Board, during which it has had to address a number of critical issues. The Board approach has focused on carrying out its duties to the highest standards of business conduct. It is responsible for setting, monitoring and upholding the culture, values, brand and reputation of the Company to ensure that we meet our obligations to our shareholders, team members, customers and other stakeholders. The Executive Team has worked to make sure the culture is being lived day-to-day throughout the organisation.

The Board is also involved in the wider social environment including across the supply chain and all issues concerning ESG. More details can be found in pages 34-47 of the Strategic report.

Key strategic decisions in FY21

The year was dominated by the impact of Covid-19 and achieving key corporate transactions including the refinance and equity raise, along with the sale and lease back of our head office. At the start of the financial year, in February 2020, we announced a strategic update on the Group's review of operational efficiency, costs and business model, together with our key strategic priorities. The Board decided on six priorities for the year ahead, and having regard for the wider success of the business and all its stakeholders, took the difficult decision to reduce costs which affected all our team members as we looked into restructuring the business.

On 23 March 2020, the Board announced it had agreed the sale and lease back (for a short period) of the head office in King's Cross, London, along with an increase in our bank facilities by £13.5 million, both as part of the strengthening of our balance sheet. These decisions were essential to ensure stronger and continuing relationships with our partners across the business including product suppliers, wholesale partners and lenders. At the same time we were actively controlling all our costs. This happened at a time of increased global uncertainty caused by Covid-19, which was hitting the headlines as the virus spread around the globe. The Board and management team were actively engaged with various stakeholders to get a greater understanding of Covid-19. These included reaching out to governments and relevant trade associations to understand the support available for the business and our team members, and how best to protect customers and team members. The Board also took the difficult decision to reduce costs and protect cash flow, stopping all discretionary spend and rescheduling all possible payments. It also took the decision to pause team member consultation on possible redundancy in light of available government support to protect those team members' positions.

SECTION 172 STATEMENT

Section 172 (s172) of the Companies Act 2006

S172 sets out a series of matters Directors must have regard for while performing their duty to promote the success of the Company for the benefit of its shareholders and other stakeholders.

The Board is responsible for setting, monitoring and upholding the culture, values, brand and reputation of the Company to ensure we meet our obligations to our shareholders, team members, customers and other stakeholders. The Executive Team has worked hard to make sure our culture is woven into the DNA of the Group.

The Board is also involved in the wider social environment in which it operates including across the supply chain and all issues concerning ESG. More detail can be found on pages 34-47 of the Strategic report.

Before the announcement on 1 June 2020 of Ted Baker's full year results and the equity raise undertaken via a proposed firm placing, placing and open offer, the Board was actively engaged in a regular dialogue with its lenders, advisers and key shareholders to agree the most appropriate way to raise funds. While alternative arrangements were discussed, the Board concluded that the launch of the firm placing, placing and open offer was the best solution, allowing existing and new shareholders to participate. The Chief Executive Officer and Chief Financial Offer engaged with major existing and prospective shareholders as part of the equity raise discussions. The Board also kept the business and team members involved by holding virtual town hall meetings where the team members could question the Executive Team. The equity transaction successfully raised £95 million gross proceeds via the firm placing and placing plus a further £10 million gross proceeds under the open offer. The Board also approved and announced the full year results on 1 June 2020 which reported a full year loss of £79.9 million before tax (restated to a full year loss of £77.6million before tax), mainly comprising total charges of £45.9 million related to inventory, £16.2 million related to store impairment of assets and £77.2 million related to losses on the disposal of the Asian business. The Board adopted Ted's Growth Formula to build on the strategic priorities update of February 2020, backed by the proceeds from the capital raise. The Board set out three pillars to build on the strengths of the Group – stabilising the foundations, driving growth and enhancing operational excellence, each with its own activities and targets. We also shared the strategic priorities with team members across the business to create wider engagement and understanding of decisions and actions taken.

On 18 June 2020, the Company announced its shareholders had approved the equity raise and the sale and lease back of the Ugly Brown Building. Due to Covid-19 restrictions the general meeting was a closed meeting, but shareholders had the opportunity to raise questions by email in advance. All resolutions received over 99% support from shareholders.

The Company held its annual general meeting on 21 July 2020, having placed its notice of AGM on the Company corporate website and posted the accounts to those who wanted to receive them by post. Again, due to Covid-19 restrictions, the meeting was a closed meeting with all resolutions receiving shareholder support including the new remuneration policy and associated share schemes. The Board, and in particular the Chair of the Remuneration Committee, had engaged with key shareholders to make sure they were comfortable with the proposed new remuneration policy and share incentive schemes.

Throughout this period the Board remained closely involved in the actions taken to support the business, our team members and customers during the pandemic. Our Covid-19 action plan was driven by the Executive Team and the Board was regularly informed and involved in the decisions and rapidly changing positions across the globe where the business operated stand-alone stores, concessions and franchise businesses.

Their priority was the safety and wellbeing of all our partners and stakeholders at all times. Many of our retail team members were furloughed through the various closure periods in different countries. The business sought to keep our team members up to date with business developments as far as regulations permitted. In the summer the Board also took the difficult decision to end the pause on consultation and, following a further review of costs, to restart the February 2020 consultation. It was also decided to begin a further consultation process, working with the Fresh Eyes employee forum, as further cost reductions had to be found to fix our foundations and align the cost base with the business model.

The Board also received regular updates on the progress of Ted's Growth Formula to monitor developments of our strategic priorities and Fashioning a Better Future. They also did an in-depth review of ESG developments to ensure the Group was actively engaged in working with our partners in the supply chain and community to fulfil the Group's aims. More details of this can be found on pages 34-47.

The table below sets out further details on stakeholder engagement during FY21.

Stakeholders	Why are they important	What is our approach
OUR TEAM MEMBERS	The commitment of our team members is essential to the success of the business, to deliver on our strategy for our customers and product.	— Engage with our team members on a wide range of topics including the new values, mission and purpose, and trading updates through our Fresh Eyes Forum, town hall meetings, internal communications and informal meetings with the Board and Executive Team. — Helena Feltham, our Director for employee engagement, met with the Fresh Eyes Forum representatives to understand areas of concern and improvement across the business and updated the Board on these conversations. — We have established new digital platforms for the development and training of our team members. — Our team members are able to share in the business as shareholders through participation in our Company share plans. — We are committed to further improving our inclusivity and team member engagement and talent development in line with our values. — More details can be found in pages 35-38.
OUR SUPPLIERS	We operate with a wide range of suppliers across the globe from product manufacturing to support services and many other third-party businesses. It is vital that we build trusted working relationships with all our partners to help us deliver great products and service to our customers and team members.	— We work closely with a wide range of manufacturing suppliers to build a strong relationship and deliver on our promise of 'Fashioning a Better Future'. — We review the actions taken to prevent modern slavery across our supply chain including inspections of premises. — We work closely with new and existing suppliers to make sure they understand our culture, ethical standards and requirements set out in our supplier manual. — More details can be found on pages 38-40.
OUR COMMUNITIES	We affect the communities we and our suppliers and other partners operate in and we must be fully engaged in contributing to our communities and engage in long-term support including managing our impact on climate change.	— In previous years, we have created and delivered education-focused challenges, masterclasses, talks and presentations to local partners and schools. — This year, due to Covid-19, we launched 'Stylish Acts of Kindness' where we donated clothes and some team members volunteered their time to support the NHS. We also launched 'Ted's Bazaar', an online charity pop-up shop with 100% of profits going to local communities facing current and future challenges due to the pandemic. — We committed to make the switch to 100% more sustainable materials in all our collections by 2030 to better protect the environment. — Full details of the activities and engagement in the year can be found on page 41.
OUR SHAREHOLDERS	Our retail and institutional shareholders are owners of the Company and we must make sure we work to deliver our strategic goals.	— The Board regularly meets with shareholders, who can also attend the AGM. — The Board engaged with our largest shareholders while developing our revised Remuneration Policy to ensure that the shareholders' and management interests remained aligned and in the best interests of the Company. — The CEO and CFO met with key shareholders and prospective shareholders to understand their position on the proposed capital raise and sale and lease back of the head office to ensure support for the plans. — The Chair and CEO met with institutional investors in the year, as well as with Ray Kelvin, which together with monthly reports from the Company brokers helped the Board hear and understand investors' views.
OUR CUSTOMERS	Our purpose is 'to be the most engaging global British lifestyle brand'. It is why we exist for our customers and as a business. It is essential that we understand our customers and ensure that we deliver what they are seeking.	— The Board receives regular details on customer service. — We receive detailed analytics to understand customer satisfaction including NPS scoring and other metrics. — We work to ensure that governance in relation to customer data and other information is protected together with scrutiny of all customer-related areas. — We are engaged with a comprehensive review of the web platform to better enhance the customer experience and journey.

THE UK 2018 UK CORPORATE GOVERNANCE CODE (THE '2018 CODE')

The Code published by the Financial Reporting Council sets out standards of good practice in relation to board leadership and company purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration.

The 2018 Code is available from the Financial Reporting Council's website: www.frc.org.uk. This is our second year of reporting under the 2018 Code. The Code requires us to set and maintain a meaningful corporate culture with a strong ethical base. It also requires the Directors to lead, build and maintain a positive relationship with stakeholders across the business. During the year, we have complied fully with the Code – more details can be found on page 68. In this section we show how the Board has applied the principles set out in the Code.

Board leadership, company purpose and goals

Good governance requires Board ownership and accountability to make sure the right behaviours and culture are being set and we are striving to bring it to life across the business. Good governance will support the growth and strategy set under Ted's Growth Formula. Governance frameworks around this have been put in place and will be reviewed by the Board and applied to our trading subsidiaries. The Board will continue to review governance improvements in the year ahead.

PURPOSE AND CULTURE

The Board is collectively responsible for the long-term success of the Company and for delivering value to shareholders. The Board offers strategic leadership and effective oversight of the Group's operations, either directly or through the work of its principal committees. It has ultimate responsibility for the oversight and monitoring of the Group's governance, principal risks and control framework. Further information regarding the Group's internal financial control and risk management systems can be found in the Audit & Risk Committee Report on pages 72-75.

The Board's primary focus is to support and further the Group's brand purpose: 'to create and celebrate the unexpected in the everyday' and its mission to be the most engaging global British lifestyle brand. The Board establishes the Group's purpose, goal, values and strategy. This is described in more detail in the report on pages 12-20 including more detail about our transformation strategy, Ted's Growth Formula. We reviewed the Group's values and culture during the financial year (details can be found on pages 35-38) and launched these to the business at the start of the new financial year.

The Board also reviews financial and operational performance, risk management and appetite, along with the Group's capital structure and plans proposed by management to implement the agreed strategy. The Board ensures that sufficient resources are available to meet the agreed objectives. In light of Covid-19 and the recent sale and lease back of the head office and the equity raise and refinance, the Board has carefully considered the need for an appropriate debt structure, liquidity and expenditure to ensure the long-term success of the business.

This year the Board has made difficult decisions around the costs of the business. Despite this, the Group's culture remains strong and closely aligned to the Group's purpose and mission even with remote working becoming the norm for many people.

We set up the Fresh Eyes employee forums, with elected representatives from across the business taking part. This gives the Board and senior management the chance to engage directly with team members and get feedback on the business. The Fresh Eyes Forum will continue to be a key part of the business in the future. More details about the Board's engagement with the team can be found on pages 64-65.

STAKEHOLDER ENGAGEMENT

The Board carefully considers the interests of shareholders, key stakeholders and wider society as part of our decision-making process. You can read more about our stakeholder engagement activities in the stakeholder engagement statement above and in the 'communication with shareholders' section on page 70 below.

Further information about the Board's activities during the year, including examples of how it considered the interests of stakeholders, is found on page 64 and page 70. The Group's ethics and sustainability policies help us understand Ted Baker's impact on the world and how we contribute to wider society. You can read more about this on page 39.

WORKFORCE POLICIES AND PRACTICES

The Board constantly reviews workforce policies and practices to make sure they are consistent with our values and support our sustainable long-term success. During the year, we reviewed and endorsed the revised policies and practices – see page 37 for details. There was a further update on the Group's ethics and sustainability and more details can be found on page 38.

The Board has ultimate responsibility for the Group's confidential reporting facility and there is now a process in place for promptly escalating significant reports. The Remuneration Committee is responsible for reviewing workforce remuneration and related policies, along with the alignment of incentives and culture. Read more about the Remuneration Committee's work in its review of the year on page 80.

Division of responsibilities

The Board has established the Company purpose, values and strategy. It promotes Ted Baker's culture and oversees its implementation across the business, while promoting the success of the Group for the benefit of its members and stakeholders.

BOARD COMPOSITION

The Board currently comprises the Chair, Chief Executive Officer, Chief Financial Officer, a Senior Independent Director, two independent Non-Executive Directors and one other Non-Executive Director. Biographies of these Directors and resignations from the Board in the period appear on pages 58-59 and 61.

The Board is confident that its current membership and recent appointments offer a good balance of skills, experience, independence and knowledge that mean it can discharge its responsibilities effectively. Further details of each Director's skills and experience can be found on pages 58-59. The Board meets regularly and allows sufficient time for all Directors present to express an opinion. The Non-Executive Directors also meet with the Chief Executive Officer.

CHAIR

The Chair, John Barton, leads the Board and is responsible for its overall effectiveness. John was considered independent on appointment, continues to demonstrate objective judgement and promotes a culture of openness and constructive debate. He works with the Chief Executive Officer and the Company Secretary to ensure that all Directors receive timely and clear information. Following his appointment, the Chair has worked closely with the Senior Independent Director and the Non-Executive Directors.

CHIEF EXECUTIVE OFFICER

Rachel Osborne is responsible for the day-to-day leadership of the business. She is supported by the Executive Team. The Chair and Chief Executive Officer work together to set the Board's agenda and make sure appropriate discussions take place between Board meetings.

CHIEF FINANCIAL OFFICER

The Chief Financial Officer, David Wolffe, is responsible for the financial governance of the Group and business, providing regular and timely information and reports to the Board so they can understand the business's performance and performance to plans. He reports to the Chief Executive Officer.

SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director, Helena Feltham, acts as a sounding board for the Chair and can act as an intermediary for the other Directors and shareholders when required. She also leads the other Non-Executive Directors in the annual performance evaluation of the Chair. She offers an alternative point of contact for shareholders on matters where the usual channels of communication are judged to be inappropriate. She is also the Non-Executive Director for workforce engagement and you can find more details about engagement activities during the year on pages 35-38.

BOARD BALANCE AND INDEPENDENCE

There is a clear division of responsibilities between the leadership of the Board and executive leadership of the business. The roles of Chair, Chief Executive Officer, Chief Financial Officer and Senior Independent Director are clearly separated and set out in writing. Their division of responsibilities, along with matters reserved for the Board and the terms of reference for each principal Committee, ensures no individual has unfettered decision-making powers.

All Non-Executive Directors are considered independent in accordance with Provision 10 of the 2018 Code, save for Colin La Fontaine Jackson. Details of the Board's composition, and the biographical details for each of the Directors and the skills and expertise they bring to the Board, can be found on pages 58-59. At its February 2021 meeting the Board considered the independence of each Non-Executive Director and determined that all remain independent of management and free from any relationship that could interfere with their judgement, save for Colin La Fontaine Jackson.

The Non-Executive Directors bring an external perspective to Board discussion. The Company benefits from the broad range of skills and experience which they bring from different businesses and fields, including the financial, retail, marketing and other business sectors. They offer specialist advice, constructive challenge and strategic guidance to the Chief Executive Officer and wider Executive Team, as well as holding them to account. Throughout the year, they have helped to shape the Group's strategy, scrutinised the performance of management, agreed goals and objectives and monitored the Group's risk profile and reporting of performance.

For the purposes of the 2018 Code, the Board considers Non-Executive Directors Andrew Jennings, Helena Feltham and Jon Kempster to be independent. We review this status each year and the Board keeps a record of the terms of service of the Chair and Non-Executive Directors to ensure they continue to meet the requirements of the 2018 Code. The Chair was considered independent on appointment. Colin La Fontaine Jackson was appointed a director as a representative of Ray Kelvin, the Founder, in accordance with the terms of a relationship agreement between Ray and the Company. Colin is not considered independent.

BOARD PROCESSES AND THE ROLE OF THE COMPANY SECRETARY

The Company Secretary ensures the Board receives appropriate and timely information and offers advice and support to the Chair, Board and senior management on regulatory and governance matters. All Directors have access to the Board portal, which is used to distribute Board and Committee materials, governance materials and analysts' notes. Board meetings are scheduled well in advance and when meetings need to be called at short notice or additional meetings are needed, as was required throughout the year, efforts are made to find suitable times when all Directors can attend. When this is not possible, Directors have access to the briefing materials and minutes of all meetings on the Board portal. Directors can also discuss any agenda item with the Chair, Chief Executive Officer or relevant Committee Chair at any other time. All Directors have direct access to the advice and services of the Company Secretary. Directors may also obtain independent professional advice when needed at the Company's expense.

TIME COMMITMENT

The letters of appointment for the Chair and Non-Executive Directors state the expected time commitment needed to fulfil their roles. The Chair and Non-Executive Directors are expected to set aside sufficient time to prepare for meetings. Directors commit to the time they need to for preparing and attending Board meetings and any additional ad hoc meetings that take place during the year. The Board is satisfied that all Directors continue to devote sufficient time to discharge their duties effectively. This year they all spent a considerable amount of additional time in Board and Committee meetings to review, and deal with, the critical issues the Group faced.

APPOINTMENT AND REAPPOINTMENT OF DIRECTORS

There is a formal, rigorous and transparent procedure for the appointment of new Directors. The process for new appointments is led by the Nominations Committee.

All Directors will stand for reappointment at the forthcoming Annual General Meeting (the '2021 AGM'). The Notice of 2021 AGM will include a biography of each Director setting out the skills they bring to Ted Baker and why their contribution is, and continues to be, important to the long-term success of the Group. More information about the process for the appointment of Non-Executive Directors can be found in the Nominations Committee Report on pages 76-79.

SUCCESSION PLANNING AND DIVERSITY

The Nominations Committee is responsible for developing and overseeing succession plans for the Board and senior management. As part of this review, it considers the length of service of each Director. The Committee also considers their skills and experience and maintains a skills matrix. Appointments and succession plans are based on merit and objective criteria. They are intended to promote diversity and inclusivity. To find out more about the review of succession planning and diversity and inclusion, please see the Nominations Committee Report on page 76.

AUDIT, RISK AND INTERNAL CONTROL

The Audit & Risk Committee Report gives a detailed overview of the Committee's activities on pages 72-75. Further information about the Group's approach to risk management, including the management of principal and emerging risks, is on pages 48-53.

REMUNERATION

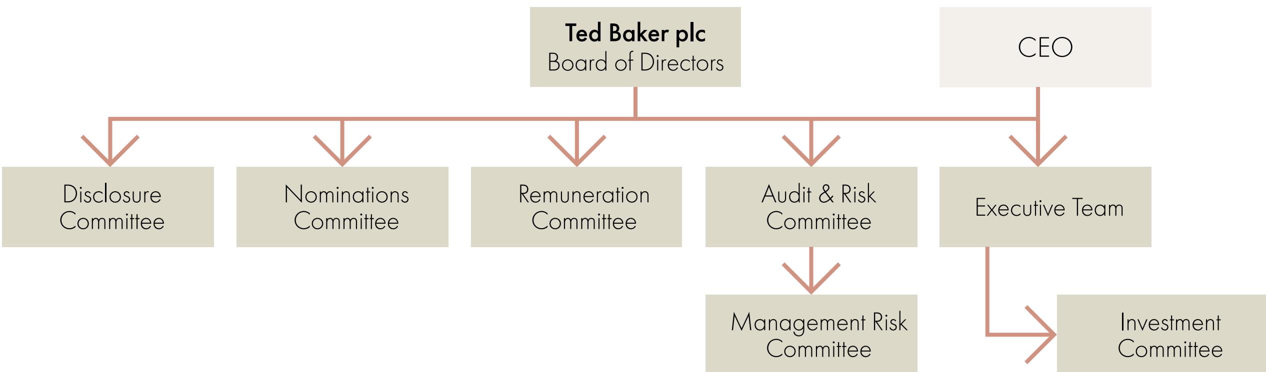
You can read about the work of the Remuneration Committee and our approach in the Remuneration Committee Report on pages 80-93.

Board operation

The Board meets regularly throughout the year. This year the Board held regular additional meetings to deal with the issues it faced, including the sale and lease back of the head office, equity raise, refinance, cost management and Covid-19. With the support of the Board Committees and the Executive Team, we consider all issues relating to Ted Baker's purpose, values and the strategy, direction and future development of the Group. The Board has a schedule of matters for decision that is regularly updated. These include decisions on the Group's strategy, financial budgets, major capital expenditure and transactions, appointment of territorial and product licence partners, store openings, dividend policy, Group bonus and risk profile. The requirement for Board approval on these matters is understood and a new delegation of authority has been communicated throughout the Group. The Non-Executive Directors also have sufficient time to meet with the Chair separately during the year. In addition, the Non-Executive Directors meet without the Chair present to appraise the Chair's performance.

Operational decision making, operational performance and the formulation of strategic proposals to the Board are controlled by the Group's Executive Team which meets regularly throughout the year together with relevant heads of departments as necessary. Details of the Executive Team are set out on pages 60-61.

The Board and the Committee structure is set out below:



The Company maintains an appropriate level of Director and Officer liability insurance cover. Through the Articles of Association and Directors' terms of appointment, it has agreed to indemnify the Directors against certain liabilities to third parties and costs and expenses incurred as a result of holding office as a Director. Indemnities are in place for Directors who ceased to be in office during the year. Apart from the indemnity provisions in the Company's Articles of Association and in the Directors' terms of appointment (which were in force for the benefit of all Directors in office throughout the period and remain in force at the date of this report), there are no qualifying third-party indemnity provisions in force.

Board evaluation

In the previous financial year, the Board engaged in an externally facilitated evaluation of the Board and Committees' effectiveness. They were supported by Dominic Schofield of Korn Ferry, an independent external adviser who also provided recruitment consultancy services in that financial period but who has no other connection to the Company or with any individual Director. Following the changes to the Board that took place during this financial year, we did an internal Board evaluation. This canvassed the views of the Board Directors as well as the Executive Committee on the Board's performance. The results of this internal evaluation were collated by the Company Secretary and shared by the Chair with the Board of Directors and the Chief Executive Officer with the Executive Committee.

The internal evaluation gave us an opportunity to review the implementation of the recommendations of the Korn Ferry review in the prior year, and also for the Directors to provide feedback on all areas of operation across the Board, its Committees and the Directors' interaction with the wider Group. Key feedback suggested further development of the interaction between the Board, the Executive Committee and senior leadership team, along with succession planning and inclusivity.

Code compliance

A summary of the critical and key governance issues can be found below with references to other relevant sections of the report.

INDEPENDENCE	Most of the Board are independent Non-Executive Directors. The Chair was independent on appointment and the Committee memberships comply with the Code. More information about the Directors can be found on pages 58-59.
SENIOR INDEPENDENT DIRECTOR	The Senior Independent Director is Helena Feltham.
ACCOUNTABILITY AND ELECTION	Details of the separation of responsibilities and accountability of the Board can be found on page 66.
EVALUATION	An internal Board evaluation took place during the period, building on the external evaluation in the prior period. Details can be found on page 68.
ATTENDANCE	Details of attendance records can be found on page 71. The Directors have attended to an acceptable degree.
COMMITTEE CHAIR EXPERIENCE	The Audit & Risk Committee Chair meets the requirements of recent and relevant financial experience. The Remuneration Committee Chair and Nominations Committee Chair meet the experience requirement. No Committee Chair was involved in their own appointment.
GOVERNANCE FRAMEWORK	A clear framework is in place and kept under review.
AUDIT TENURE	BDO LLP were appointed as auditors in the period, following a tender process managed by the Audit & Risk Committee, with a final recommendation to the Board. The lead audit partner is Sophie Michael.
NON-AUDIT POLICY	Details of the non-audit fees and policy can be found on page 74.
AUDITOR APPOINTMENT	The appointment of our external auditor is disclosed on our website.
INTERNAL AUDIT	Details of how the Group runs and manages its internal audit activities can be found in the Audit & Risk Committee Report on page 75.
CULTURE	The Board has reviewed Ted Baker's culture, values and mission during the year. Details can be found on pages 35-38.
PERFORMANCE-RELATED PAY	Performance-related pay is an important element of reward, which is largely achieved through share awards. There is also an annual incentive scheme. Full details can be found in the Remuneration Committee Report on pages 80-93.
WORKFORCE ENGAGEMENT	Helena Feltham is the Director for workforce engagement. Details of her activities during the year can be found on pages 35-38.
DIVERSITY AND INCLUSION	Information about the diversity of the Board can be found on page 79. Further information about the senior leadership can be found on pages 60-61.

Board activity in FY21

The year was dominated and impacted by Covid-19 and corporate transactions, including the refinance, equity raise and sale and lease back of our head office. As a result, there were a significantly higher number of additional meetings than in previous years to allow the Board to be actively and closely engaged in these critical issues. Most meetings were held remotely due to Covid-19 restrictions in place during the financial year and all Directors had access to appropriate equipment so they could fully engaged with the business. Board papers are available electronically via a Board portal.

The regular scheduled Board meetings follow a carefully tailored agenda, agreed in advance by the Chair, Chief Executive Officer and Company Secretary ahead of each meeting. A typical meeting will involve a review of the previous minutes and actions, reports on current trading and financial performance from the Chief Executive Officer and Chief Financial Officer. The Board also receives a review and update on the progress of the strategic transformation programme. They also get detailed presentations on areas of particular strategic importance, together with relevant governance and legal updates. Executive Committee members attend to provide detailed updates on specific topics. Details of the Directors' attendance at the scheduled meetings that took place during the year can be found on page 71. The Board had ten scheduled meetings for the year but there were no significant additional Board meetings.

COMPANY PERFORMANCE

- The Board reviewed trading updates at each Board meeting with analysis of the performance. In a year dominated by the impact of Covid-19 a significant amount of time was spent discussing action plans to ensure the safety of our customers and team members, along with the impact on trade and necessary actions needed to protect the business.
- The Board carefully considered plans for Ted's Growth Formula and the associated actions for the transformation strategy. While this plan was under ongoing review, a strategy day meeting looked at the strategy and actions in detail. We were able to hold this in person using a large meeting space at an adviser's office. The meeting took a deep dive into the strategy with a discussion that included both the Executive Committee and the Board.
- The Chief Customer Officer attended the Board meetings to update the Board and discussed proposals to review the brand values and to obtain customer insight analysis. This allowed the Board to consider and agree the Group's values and mission, and to review our product development plans to become better informed about the Group's current and target customers.
- The Group Trading Director attended Board meetings in the year to offer further insight and analysis of trading performance and risks against agreed plans.
- The Global Creative Director attended the Board to inform and discuss our product strategy plans and, in particular, how the product ranges would be refreshed, energised, expanded and launched.

FINANCIAL UPDATES

- The year's financials were affected by the events outlined above. The Board was given regular updates on the financial impact to the business throughout the year.
- In addition, regular events including agreeing the budget for the year were clearly disrupted by the the pandemic.
- Performance against plan and against budget figures was shared at each Board meeting.
- Following the inventory investigation the Board continued to review and action a full review of controls to ensure tighter approval processes and controls. This was led by the Audit & Risk Committee, who reported to the Board and discussed details at Board meetings.
- Cash flow and dividend decisions were discussed in detail, in particular the decision not to declare a final dividend for the prior year.
- The Board reviewed procurement costs of goods not for resale and costs savings where identified, along with actions attached to this and the agreed recruitment to support this activity.
- The Board had regular updates from the Audit & Risk Committee. In particular they addressed the growing concern and risk of a no-deal Brexit.
- The Board is updated at each meeting about any health and safety incidents and they discuss any relevant issues. This year, the discussions and agreements were about measures to limit the impact of Covid-19 for our team members.
- The Board carried out a refinance of the Group bank facilities during the year and approved the proposed new arrangements.

COVID-19

The Board had regular updates on all aspects of the effects of Covid-19 on the business throughout the year and on plans put in place to address issues arising from it where possible and practical. Issues they reviewed and considered included agreeing new ways of working, managing stock and supply chain issues, cash management, team member support, establishing a crisis team, disclosure requirements and government support.

BALANCE SHEET

At the same time as Covid-19 affected the global business and in light of ongoing challenges to the balance sheet, the Board did a structural review. This included a lengthy and detailed review of a proposal to sell the freehold head office building in King's Cross to the owner of the adjoining buildings. The proposal would release substantial cash to the business, which the Board considered in the best interests of the Group. The proposal also had a short lease back of the head office with an option to lease new offices from the adjacent owner in a new office building. A circular sent to shareholders on 1 June 2020 contained full details of the proposal. The Board also considered proposals to issue new equity to support the business's balance sheet, along with a refinance of the Group lender facilities, with the support of external advisers. Detailed consideration was given to the equity raise, the structure of the raise and the quantum of the raise, together with appropriate bank lending facilities. These activities required detailed consideration of the best interests of the Group as a whole. Detailed documentation was reviewed and agreed, shareholders were engaged to gauge their support and the plans were finalised with all advisers and relevant stakeholders.

COMMITTEE UPDATES

The chairs of the Audit & Risk, Remuneration and Nominations Committees updated the Board on the proceedings of their meetings at each Board meeting. These updates included key discussion points and areas of particular concern, including reviews of the remuneration policy, key recruitments undertaken during the year and any investigations carried out.

GOVERNANCE AND LEGAL

- The Board had training on Directors' duties, prospectus liability and continuing obligations.
- Board succession and diversity were discussed, considered and actions agreed.
- The Annual Report and Accounts, Notice of AGM, Modern Slavery Statement, Gender Pay Gap and the half and full year results announcements were reviewed and approved.
- The Board reviewed and approved matters raised at the Annual General Meeting. It then received shareholder approval for not posting the accounts to all shareholders unless requested.
- The Board carefully considered a proposed delegation of authority to the leadership team and agreed a refreshed document that sets out the division of Board responsibilities.
- Board development continued, including time with the Executive Team and other senior management in the Group to give them greater involvement in, and understanding of, the business.

COMMUNICATION WITH SHAREHOLDERS

The Group is committed to communicating effectively with all its shareholders. The full Annual Report and Accounts are sent to all shareholders as digital or hard copy, depending on their preference. Further copies are sent out to other people with a potential interest in the Group's performance.

Led by the Chair and Chief Executive Officer, the Group seeks to build on a mutual understanding of objectives between the Company and its institutional shareholders. During the year the Company met with its larger shareholders and prospective shareholders to discuss the equity raise in June 2020. The Company issued a prospectus with a rationale for the equity raise and the proposed sale and lease back of the head office. These resolutions were approved by the shareholders at a General Meeting on 21 July 2020. The Company 2020 AGM was held without shareholders because of government restrictions in place at the time. The Board looks forward to welcoming shareholders to the 2021 AGM to the extent it is possible to do so.

As announced on 1 September 2020, the Board entered into a new relationship agreement with the founder of Ted Baker, Ray Kelvin. They also agreed to the appointment of a Board representative, subject to a continuing shareholding of at least 10%. The Board continues to welcome a dialogue with Ray. The Board will also continue to have an active dialogue with stakeholders and to communicate with general presentations after the interim and preliminary results. They will meet shareholders and potential investors to discuss long-term issues and to gather feedback. And they will use our investor relations programme to communicate regularly throughout the year. All shareholders can access these presentations, as well as the Annual Report and Accounts and other information about the Company, through the investor relations website www.tedbakerplc.com. Shareholders can also attend the Company's Annual General Meeting, where they can ask questions about the Company and its operations.

The Chair and Chief Executive Officer share the views of shareholders with the Non-Executive Directors, who also get independent feedback from investor meetings.

CONFLICTS OF INTEREST

The Company's Articles of Association take account of certain provisions of the Companies Act 2006 relating to Directors' conflicts of interest. These provisions allow the Board to consider and, if thought fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has adopted procedures for the approval of such conflicts. The Board's powers to authorise conflicts are operating effectively and the procedures are being followed. During the period, no situational conflicts of interest were disclosed by the Directors.

BOARD AND COMMITTEE ATTENDANCE

The table below shows the number of Board and Committee meetings held during the period and the attendance record of each Director.

	Board meetings	Audit & Risk Committee	Remuneration Committee	Nominations Committee
Number of meetings held	**45**	**11**	**14**	**10**
John Barton[1]	8	5	–	2
Rachel Osborne	44	4	6	2
David Wolffe[2]	41	10	4	–
Andrew Jennings[6]	38	11	13	9
Helena Feltham	45	11	14	10
Jon Kempster	42	11	13	9
Colin La Fontaine Jackson[3]	6	–	–	–
Sharon Baylay[4]	36	4	6	2
Jennifer Roebuck[5]	10	–	–	1

1 John Barton was appointed to the Board on 1 July 2020 and has attended all Board meetings since his appointment.

2 David Wolffe was appointed to the Board on 18 May 2020.

3 Colin La Fontaine Jackson was appointed to the Board on 1 September 2020.

4 Sharon Baylay ceased to be a Director on 21 July 2020.

5 Jennifer Roebuck resigned and left the Board on 31 March 2020.

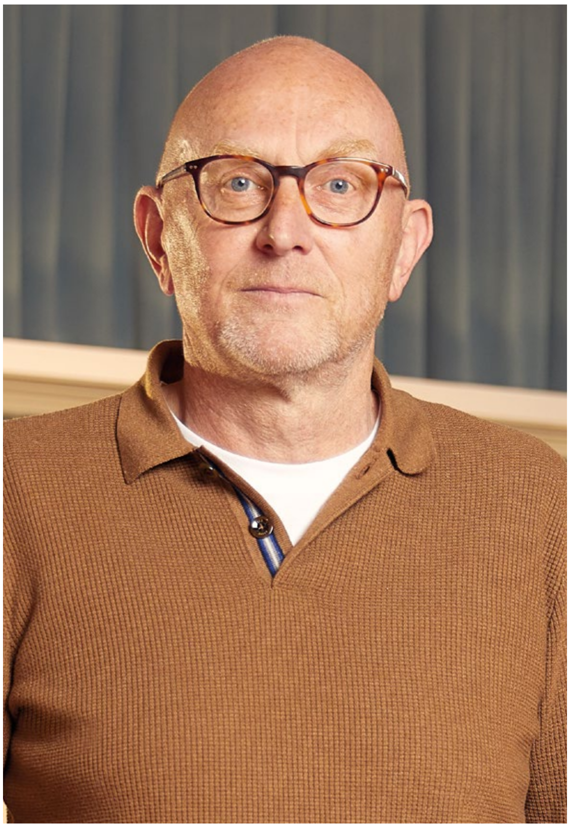
6 Andrew Jennings was absent from some meetings due to illness.

The following team members were also invited to attend Board meetings during the year:

Name	Role
Jennifer Roebuck	Chief Customer Officer
Tikki Godley	Group Trading Director
Peter Collyer	Chief People Officer
Leon Shepherd	Chief Information Officer
Anthony Cuthbertson	Global Creative Director
Ari Hoffman	CEO – North America

Safeguarding integrity, controls and compliance in a time of change

The Audit & Risk Committee monitors the integrity of Ted Baker's financial statements and reporting responsibilities and maintains its internal controls and compliance procedures. Clearly this is vital to good governance and even more important following the challenges of the previous year and the big changes that have taken place in the business this year.



Jon Kempster
Chair of the Audit & Risk Committee

As I reported last year, our immediate priority was to draw a line under the misstatement of stock for the year end FY20. This, together with the refinancing of the Group bank facilities, the sale and lease back of the Ugly Brown Building and the successful equity raise, created a solid foundation for Rachel and the team to kick off the transformation programme. You can read about this in detail on pages 1-9.

As explained in note 1 to the financial statements, a number of adjustments to inventory values were recorded in the financial statements for the 52 weeks ended 25 January 2020, including amendments to inventory which had been overstated at the previous year end. BDO LLP was appointed auditor in July 2020 and its first year of audit is the 53-week period ended 30 January 2021. Following BDO LLP's assessment of the prior year comparatives for the purpose of the 2021 audit, BDO concluded that it was not possible to determine the impact of these adjustments to inventory values at 26 January 2019, and consequently on retained profit at that date, and therefore on the income and expenditure and calculated cash flows for the 52-week period ended 25 January 2020. As a result, BDO has qualified its opinion on the comparative figures shown in the financial statements related to that period.

No-one imagined the impact the pandemic would have on Ted Baker's trading performance through the whole year. We were concerned that the additional workload and pressing trading issues would delay vital improvements to the controls environment and the reconstitution of the management Risk Committee. David Wolffe recommended we invite Deloitte LLP to support us and manage the project, and they have helped keep both projects on track. Reporting to the Audit & Risk Committee, the management Risk Committee is made up of people from around the business who assess and consider the ongoing business risks and new risks, mitigants and likelihood of various risks arising. The management Risk Committee had not been active in the prior year due to the critical and high risk events that the Board addressed during the year and discussed in the many Board and Committee meetings.

Successfully rebuilding the management Risk Committee has involved many people across the business. It is now up and running again, with an increased membership designed to give a sense of ownership to people from different disciplines across the Group. We have also made improvements to the controls environment. This, along with our strengthened finance team, means the Board now receives more timely and accurate information. And BDO, our new external auditors, have proved themselves invaluable, as their views are not clouded by past events.

As always, there is room for improvement, and we will continue to focus on these important areas in the coming year.

AUDIT & RISK COMMITTEE MEMBERSHIP

Membership of the Audit & Risk Committee has been consistent through the year, with Helena Feltham and Andrew Jennings making valuable contributions. As many topics we discuss touch on the wider transformation strategy, the Chair, Chief Executive Officer and Chief Financial Officer have open invitations to our meetings. I would like to thank both Helena and Andrew for their insights and hard work this year.

Part of the annual review of the Audit & Risk Committee's effectiveness is based on the expertise of its members. The Board is confident we have the right mix of recent and relevant financial experience and retail sector competence. They are confident that we are independent, and we have the necessary depth of financial and commercial experience across various industries.

To see the Audit & Risk Committee's terms of reference please visit www.tedbakerplc.com.

Where we have focused our efforts

It was a busy year for the Committee, with 11 meetings. These focused on the key areas outlined below. We have been supported by meetings with senior managers and our external auditors, and informed by regular reviews of Board papers and financial information.

1. Controls remediation programme

The improvement programme recommended by Deloitte following the stock misstatement is on track. We will continue and complete this in FY22. Some areas need input from IT, but the demands of the transformation strategy have prevented this. This has slowed down some parts of the programme, but we will resolve these issues as we go.

2. Risk management

At the start of the year, the management Risk Committee was dormant. There was also an urgent need to reinvigorate the Group's risk planning. As outlined above, the new management Risk Committee came together in the second half of the year. We compensated for this lack by focusing on critical areas without the back up of a management Risk Committee and its activities. As a result, with more frequent Audit & Risk Committee meetings and collaboration with the CFO and the finance team, we could report positive progress to the wider Board. We are also confident that the risk management process adopted by the Board worked well to identify risks and actions required.

3. Internal audit

With our internal function suspended, no reviews took place last year.

4. Tax

We considered a range of tax matters including the potential impact of any tax matters on the Group's financial statements, the Group's tax strategy and the impact of Brexit on this.

5. External risk factors

The Committee is responsible for reviewing the effectiveness of the Group's risk management system and internal controls. You can read about this in detail in the Principal Risks and Uncertainties section on pages 50-53.

6. Brexit

We considered the possible impact of Brexit, evaluating analysis of the potential risks by our Brexit working group. You will find details of the effect of Brexit in David Wolffe's Financial review.

Significant issues

The Committee reviewed management and external auditor reports on the significant issues found in the financial statements. These included the carrying value of inventory, the carrying value of retail fixed assets, the going concern basis of preparation and the overall controls environment, particularly management's ability to override. We discussed all these issues with the management team and challenged them on each. We also reviewed them with the external auditors at the end of the financial statements audit for the period.

1) Carrying value of inventory

Inventory is carried in the financial statements at the lower of cost and net realisable value. Adequate stock provision was a specific focus at the end of this year. The pandemic and multiple lockdowns resulted in store closures, which in turn had an impact on the sale through of inventory leading to a higher level of re-seasoned inventory.

2) Carrying value of retail fixed assets *(being leasehold improvements and fixtures and fittings and the right of use asset)*

We select retail fixed assets for impairment testing on the basis of current and projected performance, with growth assumptions based on Directors' knowledge and experience. As a result of the pandemic we reviewed more stores than normal.

3) Going concern

Ted Baker's balance sheet has been strengthened and a net cash position maintained through the year thanks to the refinancing of our bank facilities and the equity raise. The Group has built a forecast that includes many key assumptions. These include the end of the pandemic across the many territories we operate in and how we anticipate the respective economies will react. From this the Group has sufficient access to finance to manage all possible scenarios.

4) Controls environment

The management team confirmed it was not aware of any material misstatements or immaterial misstatements made intentionally to tell a particular story. They also gave us confidence that the year end accounts preparation and review of the controls environment is adequate and will continue to improve.

The Committee reviewed and challenged the management's reports and presentations, consulting the external auditors when necessary. As a result, we are satisfied the financial statements address the critical judgements and key estimates correctly (both in respect to the amounts reported and the disclosures). We are also satisfied that the significant assumptions used to determine asset values and liabilities have been scrutinised and challenged and are suitably robust.

Tax governance framework

The Chief Financial Officer is responsible for the Group's tax policy, which is implemented with assistance from the senior finance and Group tax team. We review this on an ongoing basis as part of our regular financial planning cycle. The Group's tax status is also reported regularly to the Board and Audit & Risk Committee. The Committee is responsible for monitoring all significant tax matters including the Group's tax policy.

In line with the Finance Act 2016, Ted Baker has published details of the Group's tax strategy in relation to UK taxation on its website. www.tedbakerplc.com/investor-relations/tax-strategy.

External audit

Every year the Audit & Risk Committee considers the reappointment of the external auditors. We also assess their independence on an ongoing basis and oversee the Group's relationship with the external auditors. We make recommendations to the Board on their appointment, reappointment and removal, along with approving their remuneration and terms of engagement.

An audit tender followed the finalisation of our FY20 accounts and the decision not to reappoint KPMG. The participating firms made presentations to the Audit & Risk Committee and members of the Executive Team. As a result, BDO were appointed as Group Auditor on 21 July 2020.

BDO did an interim review to get a full understanding of the Group and the major issues. The team's involvement has been very positive and we look forward to benefiting from their experience, and knowledge in our Group reporting to stakeholders.

The Board and Audit & Risk Committee also consider our external auditors as suppliers of non-audit services when required.

Our formal policy on the supply of non-audit services by our external auditors means they may only deliver these services on condition that their advice does not conflict with their statutory responsibilities and ethical guidance and FRC feedback. The Audit & Risk Committee Chair's pre-approval is required before the Company uses non-audit services. Where fees are expected to be above £50,000, approval is required from the Audit & Risk Committee Chair and one other member of the Committee. Aggregate spend is also reviewed on an annual basis. You can find details of the external auditors' remuneration for audit and non-audit fees in Note 3 to the financial statements.

"The management Risk Committee is now up and running again, with an increased membership designed to give a sense of ownership to people from different disciplines across the Group."

External audit continued

The effectiveness of the external auditors was based on a review of:

- Their fulfilment of the agreed audit plan and variations from it
- Reports highlighting the major issues that came up in the audit
- Feedback from the Company on the performance of each assigned audit team.

The Audit & Risk Committee held meetings with the external auditors before each Committee meeting to review key issues around their scope and responsibilities. This oversight of the external audit process reviewed the following:

- The terms, areas of responsibility, associated duties and scope of the audit as set out in BDO's engagement letter for the forthcoming year
- BDO's overall work plan for the forthcoming year
- Their fee proposal
- The major issues that came up in the course of the audit and how they were resolved
- Key accounting and audit judgements
- The level of errors identified during the audit
- Recommendations made by BDO in their management letters and the adequacy of our management's response.

The Audit & Risk Committee notes the final Order of the Competition and Markets Authority and the EU regulation on audit rotation. We will ensure Ted Baker complies with these requirements when considering the timing of the next tender for our external audit.

Internal audit

The Audit & Risk Committee also oversees the Group's internal audit function. This includes its role, mandate and audit plan.

Last year we stopped outsourcing our internal audit function to PWC. Deloitte has supported us in our programme to improve the overall controls environment as outlined above. Structural changes and progress on the transformation strategy have seen an improvement to the controls environment. These changes included relocating most of our US finance resource to a shared service centre in the UK. Some senior commercial finance resource remains to support the US management team in New York.

With these foundations in place, we have begun the search for a Head of Internal Audit to restart the function in FY22. The successful candidate will prepare a programme with the support of external resource to make the internal audit function a fundamental part of the controls environment. We will also involve Ted Baker team members seconded for specific projects as part of their development. Their involvement will be reliant on making sure their objectivity and independence are not compromised.

Once we have the right person on board, we can look forward to a new and sharply focused resource, which will see an improvement to the overall controls environment.

The Audit & Risk Committee will approve the scope of the internal audit function. This means the internal audit team can stay on top of new developments the Group encounters, while the Committee can challenge and support its conclusions. Our aim is for the internal audit function to be assessed not only by the risks it identifies but also how it proposes to remedy them.

Whistle blowing

The Audit & Risk Committee is responsible for reviewing how Ted Baker responds to whistle blowers' allegations and how team members can raise concerns in confidence. Whistle blowers can choose to remain anonymous if they wish. All reports of allegations or concerns will be sent to the Group's General Counsel and a member of the non-Executive Team. We hope this will encourage members of team members to speak out with no fear of reprisal.

Jon Kempster
Chair of the Audit & Risk Committee
13 June 2021

Supporting Ted Baker's transformation strategy

People have been at the heart of many of the events in this most difficult year, which has seen much change from top to bottom of the business. The Nominations Committee has worked closely with the Board and senior management team to support Ted Baker's transformation strategy, focusing on the fundamental strengthening of the Group's leadership and Executive Team and creating a well-structured Board with a diversity of expertise and skills.

It is vital the Company has the right leadership team in place, who can set the pace and be agile while focusing on key things – our people, product and brand. We take a holistic approach, making sure we take into account the views of our wider stakeholders including our customers, team members and shareholders.

NOMINATIONS COMMITTEE MEMBERSHIP AND ACTIVITIES

I chair the Committee, with Non-Executive Directors Andrew Jennings and Jon Kempster as members. Members of the Executive Team are invited to join us when appropriate. Our job is to establish and implement a framework for appointments of Non-Executive Directors, Executive Team, and senior management. The Committee also oversees the development of a diverse pipeline for succession to the Board and senior management roles. In this busier-than-usual year, we held ten formal meetings, with regular updates between. I would like to thank Andrew and Jon for their invaluable support and input over the year.

Helena Feltham
Chair of the Nominations Committee

REVIEW OF THE YEAR FY21

This year saw the completion of a much needed and substantial refresh of the Board and senior management team, which sets Ted Baker up for the future. As a result, we now have a strong leadership team in place, with the breadth of skills, experience and perspectives to make our transformation strategy come to life.

We were delighted to welcome Rachel Osborne as Chief Executive Officer, John Barton as new Chair, David Wolffe as Chief Financial Officer and Colin La Fontaine Jackson's appointment to the Board as a Nominee Director. And we were excited to make three key appointments to the senior management team, including Jennifer Roebuck as Chief Customer Officer, Anthony Cuthbertson as Global Creative Director and Helen Costello as Group Commercial and Business Development Director.

These new appointments create a solid foundation from which to rebuild trust in the brand and to take the business forward in a positive way. Each of them has already made a huge difference to the business and we look forward to supporting them as our transformation strategy unfolds.

Following the Company Secretarial team's internal Board evaluation, we will be focusing on ways to refine our approach to diversity and inclusion to strengthen the Board further.

Impact of Covid-19 on our people

There is no doubt that the uncertainty in the business and the wider world has had a deep impact on our people. At the peak of lockdown in spring 2020, over 2,600 team members were furloughed, from head offices to warehouses and stores. We then had to take the very difficult decision to make 953 roles redundant. For more details, see page 35. I would like to thank everyone across the business for their kindness and patience through this difficult process. Through this, I have worked with Peter Collyer, our Chief People Officer and his team, to build stronger channels of communication between our people and the Board. This has helped rebuild trust and the brand internally.

Succession planning

The Committee has worked with Rachel Osborne and Chief People Officer Peter Collyer to put the right structures and succession plans in place for the short term to stabilise the business, with an eye to the future to achieve Ted Baker's three-year transformation strategy. These succession plans are designed in line with the Committee's terms of reference (see page 79) and the Group's Equality, Diversity and

Discrimination Policy. Both these will guide us as we continue to build a diverse succession pipeline for the Company.

Training for a robust succession pipeline
We believe the best way to support internal progression to senior management and Board positions is through developing training and resources. This lets us create a robust talent pipeline that promotes continuity in the Group's growth and business culture. With this in mind, we have improved our People Team's capabilities in this area and have invested in relevant progressive technology to allow easy access to tools and support. See page 37 for more details.

Channelling team members' feedback
As mentioned above, we have focused on building better channels of communication with our people at every level. Following feedback from independent employee listening groups in August 2019, we established an elected UK people's forum – the Fresh Eyes Forum. This has been vital in opening up two-way communications with the Board and leadership through the changes and uncertainty of 2020. We look forward to seeing the fruits of this as Ted Baker develops over the coming years.

BOARD APPOINTMENTS FY21

The successful refresh of the Board means Ted Baker can focus on the future of the business, built on solid foundations and strong governance. There are currently seven Board members, including the Chair, Chief Executive Officer, Chief Financial Officer, a Senior Independent Director, two independent Non-Executive Directors, and a Nominee Non-Executive Director. I have outlined the details of the key changes to the Board and senior management here:

New CEO appointment
Following the resignation of CEO Lindsay Page on 10 December 2019, Rachel Osborne was appointed Acting Chief Executive Officer. The Committee worked with Sam Allen Associates in the search for a permanent Chief Executive Officer, who has no other connection to the Company or with any individual Director. After a thorough, competitive process, the Board was delighted to appoint Rachel as CEO on 30 March 2020.

NED to senior management
On 31 March 2020, Jennifer Roebuck stepped down from her Non-Executive Director position to become Chief Customer Officer as part of the senior management team. She brings her expertise and understanding of the Company to the role from her time on the Board.

New NED Chair appointment
Following the resignation of David Bernstein, former Executive Chair of the Board, the Committee worked with Korn Ferry consultancy to find a permanent independent Non-Executive Chair of the Board. The former chair was not involved in the selection or appointment of their successor.

The Board announced the appointment of John Barton as the new Chair on 22 April 2020. He joined Ted Baker on 1 July 2020, with Sharon Baylay continuing in her role as Acting Chair until that time. Sharon did not seek re-election to the Board at the AGM. We would like to thank her for her important contribution in keeping Ted Baker on an even keel through uncertain times and her support in finding the right Chair for the Company.

Appointment of new Chief Financial Officer
Following Rachel Osborne's appointment to Chief Executive Officer, the Committee began the search for a permanent Chief Financial Officer. Search agency Ridgeway Partners, who have no other connection to the Company or to any individual Director, supported us. As a result, the Board was delighted to appoint David Wolffe as Chief Financial Officer on 18 May 2020.

Nominee Director Appointment
On 1 September 2020, Colin La Fontaine Jackson was appointed to the Board as a Nominee Director for Ray Kelvin, Ted Baker's founder and a major shareholder of Ted Baker. The normal process for appointing NEDs was followed – interviews, referencing, candidate checks and shareholder consultation.

Ray and the Company have signed a new relationship agreement that maintains the benefits of access to Ray's unique brand experience and insight. At the same time, it introduces clear guidelines to maintain Board independence and to ensure the interests of shareholders are prioritised and protected. It also formalises Ray's relationship with the Company through the Board of Directors.

As a result of these directorate changes throughout the year, we have one NED member, Colin La Fontaine Jackson, who is not independent. All the other NEDs and the Chair of the Board are independent.

New NED roles and responsibilities
I was delighted to take on the roles of Senior Independent Director (SID) and designated NED for engagement with the Ted Baker workforce. I am passionate about employee forums when done in the right way and as a way to build trust with our team members. I have dedicated a lot of time and effort over the year and will continue to do so in the coming year, working with Peter Collyer and his team.

SENIOR MANAGEMENT APPOINTMENTS FY21

As you can see, we have carefully balanced the talent and capability of the Board to ensure it has the skills, diversity, experience and ambition to deliver and execute our transformation strategy. We have also rejuvenated the senior management team to make it more focused and give it clear accountability. These new hires, combined with the skills of longer-serving team members who are steeped in the history and DNA of the Ted Baker brand, make it a diverse and creative team, committed to delivering our strategy.

New Chief Customer Officer
We believe this newly created role is a vital part of Ted Baker's future growth. Jennifer Roebuck, then a NED of the plc Board, put herself forward as a candidate. Following a full and independent process, she was appointed in March 2020 and stepped down from her NED position on 31 March. Jen will focus on developing a customer and digital strategy across the business and will explore new digital partnership opportunities to drive accelerated growth.

New Global Creative Director
In May 2020, we announced the appointment of Anthony Cuthbertson as Global Creative Director. The Board was delighted to attract Anthony to this key role in the business. Underpinning Ted Baker's strategy is an emphasis on design, product quality and attention to detail (continuing our reputation

for quirky and creative ideas), which we believe Anthony's passion and commitment will deliver brilliantly. He joined Ted Baker in November 2020 and his influence is already apparent in Ted Baker's Spring/Summer '21 collections and will be at the heart of our Autumn/Winter '21 collections.

New Group Commercial and Business Development Director
Helen Costello joined Ted Baker as Group Commercial and Business Development Director in October 2020. She brings experience from key commercial and executive roles at several high-profile global fashion brands. Helen is key to driving brand growth through new and existing networks. She will be responsible for building and coaching the commercial functions in best practice and for developing and executing the delivery of short-, medium- and long-term growth strategies and plans.

BOARD EVALUATION FY21

This year, an internal Board evaluation was carried out by Ted Baker's Company Secretarial team. Executive Directors, Non-Executive Directors and senior management responded to a questionnaire based on key themes from the previous year's Board evaluation.

The Nominations Committee reviewed the findings that relate to the composition of the Board and made recommendations as appropriate. One of the main learnings was around diversity on the Board, particularly the gender mix. Last year, there were three women on the Board – Sharon Baylay, Jennifer Roebuck and me. The changes to the Board, with Sharon not seeking re-election and Jennifer's move from the plc Board to the senior management team, leaves an imbalance between men and women.

Over the coming months, we will map Board requirements, taking into account the desired size and composition of the Board to increase diversity. This is about more than gender: it includes expertise, skills, experience, background, perspectives, and independence of thought and actions. We will then make recommendations to the Board to help achieve this goal.

Annual review of Directors' time commitment
The Nominations Committee does an annual review of the time required from the Chair, Senior Independent Director (SID) and Non-Executive Directors (NEDs) to perform their duties. This includes a review of Directors' attendance at scheduled meetings and their availability at other times.

In FY21, Directors were available, often at short notice outside regular working hours, to discuss matters that required a prompt decision in light of the Covid-19 pandemic. To support Ted Baker's transformation strategy, Directors made themselves available for many more Board meetings and informal meetings than normal in an average year – this was in response to the successful recapitalisation of Ted Baker, the equity raise and the sale and lease back of the Ugly Brown Building.

In a normal year, we expect the Chair of the Board to spend two days a week working with Ted Baker. Other NEDs, are expected to spend around 15 days a year. We also review NED's other commitments to make sure they have enough time to fulfil their role with Ted Baker.

Senior on-boarding and training
When new people join Ted Baker at a senior level, we go to great lengths to bring them up to speed so they can start to make a difference quickly. I am responsible for the senior level on-boarding and training programmes that make this possible, supported by the Company Secretarial team.

The Directors' on-boarding programmes shares a wide range of relevant information about the Group. This includes operational and business performance, along with details of Group strategy, corporate governance and Board procedures. The programme includes meetings with key personnel, technical briefings and, in normal times, site visits, which have been restricted by the pandemic this year.

Working with the Chair, we also looked at Directors' training. The Company Secretarial team have delivered regular technical and topical updates at Board meetings, alongside specific training with other in-house or external experts and advisers. For example, Directors have been trained on their duties during Covid-19 to keep their knowledge current and enhance their experience.

We've identified future training needs for the Board that include promoting a deeper understanding of governance, statutory and regulatory developments – this training will take place over the coming year.

Appointment process
The Committee works with the Chief Executive Officer on the following appointments process for Non-Executive Director roles, Executive Director roles and senior management positions.

- The Nominations Committee specifies the role and considerations to inform the search, including diversity, current balance of skills and experience on the Board
- From this we prepare a skills matrix. (This is reviewed along with skills matrices of existing roles to inform succession planning for the Board and senior management)
- We then engage a search agency to support the appointment. A search agency will normally be used for the appointment of the Chair and Non-Executive Directors, with different agencies chosen depending on the role
- We agree the interview process structure
- We then compile a list of interviewers for different stages of the selection process
- We outline referencing requirements and candidate checks
- We consider any shareholder consultation needed and engage with the Remuneration Committee.

Once all this is agreed, we set a timetable and begin the search process. We always make appointments on merit against objective diversity and inclusion criteria. The Board considers how these criteria can offer equal opportunities for candidates from minority groups in relation to specific roles. You can read more about our Diversity and Inclusion strategy on page 79.

Succession planning

The Committee regularly looks at succession planning for the next generation of plc Directors. We recognise the importance of creating and supporting a suitably talented diverse pipeline of leaders. We review the skills and experience of the current Board and consider whether these will support the delivery of the Company's strategic goals now and in the future.

Chief People Officer, Peter Collyer, regularly presents our succession planning and talent development programme to the Board. Ted Baker's strategy is now well-established and its execution isn't dependent on any one individual. For Executive Directors and roles in the leadership team, plans are in place for sudden and unforeseen absences and for an orderly medium-term succession. We will continue to develop these plans for longer-term succession.

We use this approach to create development plans for our most talented people. This means we can identify the right people to deliver our strategy ongoing. With this in mind, we encourage regular discussion between members of senior management and the Board. This may be through presentations to the Board, store and warehouse visits, or one-to-one sessions with NEDs to discuss specific issues.

Appraisal process

We review the expertise and performance of Directors every year. The annual appraisal of the Chair is led by me as the Senior Independent Director. The Chair leads the appraisal of the Chief Executive Officer, discussing their performance at a meeting with the NEDs. Other Non-Executive Directors' performance is reviewed by the Chair, with the Executive Directors assessed by the Chief Executive Officer, and with feedback from other Directors where appropriate.

The Board is satisfied that all our Directors possess relevant experience. And in line with the recommendations of the 2018 Code, all Directors will stand for re-election at the 2021 AGM.

Diversity and Inclusion strategy

Boardroom diversity is an important consideration when assessing a candidate's ability to contribute to and complement a balanced Board. As a global business, the Group recognises the importance of having a team that represents our target audience (as much as possible) so we can keep the brand relevant and successful. The Group continues to support the development and progression of all team members, with the aim of achieving diversity at every level of the organisation.

We have also spent time developing our inclusion strategy. For clarity, this covers diversity (the different types of people that make up society, without any hierarchy), inclusion (creating the culture, conditions and opportunities for everyone to thrive) and intersectionality (understanding the unique experiences of people who hold two or more identity pillars). You can read more about this on page 36.

We consider the Group's Equality, Diversity and Discrimination Policy when making appointments.

Board appointments

When making Board appointments we will take objective criteria into account and make sure we have the right mix of people and capabilities. This will give us the skills and experience we need to support the delivery of the Group's strategic goals.

We also welcome the guidance of the latest Hampton-Alexander Review, which seeks to improve Board and senior management diversity across FTSE 350 companies. The following diversity breakdown is based on the make-up as at 30 January 2021:

You can read our most recent UK gender pay gap report at www.tedbakerplc.com. As a Board we have looked at all the factors that might create a gender pay gap across the Group. You can read more about how we are addressing this on page 37.

FY22 – THE YEAR SO FAR

This year, we have reviewed our contingency plan for unexpected departures and the Chief Executive Officer's succession plan. We continue to work with the CEO and Chief People Officer to create a robust talent pipeline.

Objectives for the next financial year FY22

We are focused on reviewing the results of the Board evaluation and making appropriate recommendations on the composition of the Board. As Committee Chair, I will continue to look at diversity on the Board throughout the year.

We will also continue to review options for deeper workforce engagement. This includes creating the Fresh Eyes Forum in our North American and European operations to make sure the voice of our team members around the world is heard in the boardroom.

The training and resources we created in FY21 to support internal progression to senior management positions and the Board will be rolled out through the year. This will underpin our efforts to create a robust talent pipeline that creates continuity in the Group's growth and progression in the Ted Baker business culture.

Helena Feltham
Chair of the Nominations Committee

13 June 2021

Remuneration in a challenging year

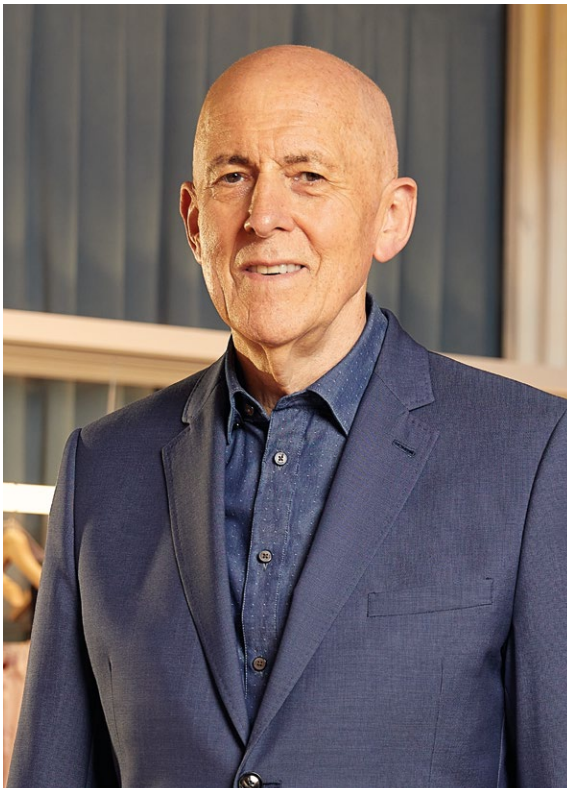
As you will see throughout this Annual Report, it has been a very tough year for the retail sector and Ted Baker following the Covid-19 outbreak. Despite the difficulties the Company faced, the Board is very pleased with the progress that has been made with our strategic transformation programme – especially the positive steps in cash management and fine-tuning our operations to make the business run more efficiently.

Part A: Annual Statement

It was a busy year for the Remuneration Committee, with 14 formal meetings and regular updates in between to achieve everything we felt was necessary to move our remuneration strategy forward in the face of a challenging external environment.

In light of the pandemic, the Non-Executive Directors and Executive Team all took a voluntary pay cut of 15% of their fees or salary for between three to five months. Other senior team members earning over £70,000 took a voluntary pay cut of 5-10% of their salaries. There will be no bonus paid in respect of FY21. In addition, the Remuneration Committee has spent much time over the last few months considering how incentives should be structured for the year ahead recognising both the continued uncertainty in the short term as well as the expected recovery following the easing of lockdown restrictions.

During the year, we were pleased to secure majority shareholder support for a new Directors' Remuneration Policy following close consultation with our key shareholders. Shareholders also supported new share plans and we issued awards under these in the second half of the year. These share plans allow us to motivate and incentivise the management team, while aligning rewards with the experience of our shareholders.



Andrew Jennings OBE
Chair of the Remuneration Committee

REMUNERATION COMMITTEE MEMBERSHIP

The Committee is chaired by myself with Non-Executive Directors Helena Feltham and Jon Kempster as members. Members of the Executive Team are invited to attend meetings when appropriate. I would like to thank Helena and Jon for their invaluable support and contribution to our work this year.

ESTABLISHING OUR NEW REMUNERATION POLICY

Throughout the year we focused on the continuous improvement of our remuneration policies to support Ted Baker's transformation strategy while continuing to motivate our talented and committed teams. We also concentrated on bringing these policies in line with market standards, taking into account shareholder guidance and expectations and the challenging retail environment in which Ted Baker operates.

After much consideration by the Committee and with insights from our key shareholders, we presented a new remuneration policy for approval at our 2020 AGM. It is testament to the rigour of our work and the consultation process that our shareholders were very supportive, with 89.29% voting for the policy.

To create the policy, the Committee considered a wide variety of factors. These included workforce remuneration and related policies, the alignment of incentives and awards with culture, and the long-term success of the Group. This fed into a set of reward principles we agreed should apply to the organisation from top to bottom:

- Total reward approach
- Competitive in the retail market in the relevant country
- Fair and equitable packages based on internal career level and external market value
- Performance rewarded through bonus and share plans
- Aligned to Ted Baker's values with clear and well communicated benefits including wellbeing, recognition and engagement
- Transparency of principles, frameworks and policies.

We believe that developing our policies and practices based on these principles will underpin our corporate purpose and nurture our culture.

KEY CHANGES TO OUR POLICY LAST YEAR:

- Alignment of the pension contribution rates for Executive Directors (or payments in lieu) with those available to the wider workforce
- An increase in annual bonus and Long-Term Incentive Plan (LTIP) maximum opportunity levels to ensure that our remuneration package remains competitive to attract, retain and motivate Executive Directors
- Introducing strategic metrics to the annual bonus, while the majority of the bonus remains based on financial performance
- Introducing annual bonus deferral for greater alignment between Executive Directors and shareholders as well as in line with corporate governance best practice
- Increasing flexibility in the LTIP to set financial performance conditions on an annual basis in line with Company strategy and the business environment at the time of grant
- Introducing a combined vesting and holding period of at least five years under the LTIP in line with the UK Corporate Governance Code
- More discretion for the Committee to override formulaic remuneration outcomes when appropriate
- Introducing a post-cessation shareholding requirement in line with the UK Corporate Governance Code and to ensure that Executive Directors remain aligned with shareholders after they have left the Company.

We believe it is vitally important to maintain discretion around remuneration to avoid situations that do not reflect underlying Company and individual performance, and wider business circumstances. Given the turnaround position the Company is navigating, executives must be motivated to achieve the fast-evolving strategic objectives to bring Ted Baker back to growth. A key principle of our executive remuneration framework is that executive pay reflects the experience of our shareholders.

SHARE AWARDS – RECOGNISING EVERYONE'S COMMITMENT

In the second half of the year, we put all these principles into action, motivating executives, senior management and our UK employee base through considered share awards aligned to our strategy. We believe using share plans as a tool to focus and drive the senior management's efforts in the same direction as our Executive Directors will help us meet and exceed our long-term goals.

In September 2020, awards were made under the 2020 LTIP to our Executive Directors, Rachel Osborne and David Wolffe. Awards were also made during the year under the new 2020 Ted Baker Incentive Plan (2020 TBIP) approved by shareholders at the 2020 AGM. This included awards to Ted Baker's senior management, based on the same metrics and targets used to incentivise Ted Baker's Executive Directors. This group of senior leaders are critical to successfully delivering our transformation over the next three years.

By making these share awards, we aim to engage our senior management and the leadership team by tying their rewards to the strategic objectives of the business. At the same time, it aligns them to the experience of our shareholders. This approach will help the Remuneration Committee support the Nominations Committee as it builds a strong succession pipeline.

The Remuneration Committee was pleased to offer all our UK-based team members the chance to share in the success of the transformation strategy, through the Ted Baker Sharesave Scheme, a Save As You Earn plan.

STRENGTHENING OUR LEADERSHIP

We have seen several important changes in Directors during the year with the arrival or change in role of a number of key Directors. All these changes reflect the need to attract and retain the right balance of skills and experience to keep Ted Baker moving forward. Here is what this means from a remuneration point of view:

Rachel Osborne became Chief Executive Officer. On appointment, her salary was set at £525,000 per annum and, in line with the wider workforce, she receives a pension contribution of 3%.

David Wolffe joined Ted Baker as Chief Financial Officer. On appointment, his salary was set at £375,000 per annum, with a pension contribution of 3% that is in line with the wider workforce. In September 2020, David extended his remit to include property, investor relations, strategy and our supply chain. The Remuneration Committee agreed to an increase in his salary to £395,000 to reflect these additional responsibilities.

John Barton joined us as Non-Executive Chair in July 2020 with an annual fee of £200,000 per annum.

Colin La Fontaine Jackson joined the Board as Non-Executive Director on 1 September 2020 with an annual fee of £60,000.

We would like to congratulate Rachel, David, John and Colin on their appointments and look forward to working with them on the next phase of Ted Baker's development.

REMUNERATION OUTCOMES FY21

There is no doubt Covid-19 created a perfect storm that made trading conditions very difficult throughout the year. As a result, profit expectations at the start of the year have not been met. Despite the strong personal performance of both the CEO and CFO and the progress made on executing our transformation strategy, the Committee felt it would not be appropriate to pay a bonus in respect of FY21. This decision reflected the Company's reliance on government support through the UK furlough scheme. For the same reason, there will be no annual bonus for any of our team members across the entire Group.

LTIP awards granted in 2018 were due to vest in April 2021. Again, with the backdrop of difficult trading, the performance, conditions for our profit growth and share price were not met. Please note, the current CEO and CFO were not in role when these awards were granted.

THE YEAR AHEAD FY22

With much of the world still in lockdown in the first quarter of 2021, the Remuneration Committee has not proposed an increase in base salaries for Executive Directors in FY22. This is consistent with the approach to higher-earning team members across the Group, with no increases applied. There are a few exceptions to reflect changes in role or responsibilities or promotions. In April, we committed to increasing salaries for our lower-paid team members, and we continue to pay National Living Wage regardless of age. Anyone who did not receive a salary review in April will be considered for one in the second half of the year.

Recognising the continued impact of the pandemic on the business, including that many of our stores will remain closed for a period during FY22 and that the Group will continue to be in receipt of government support, it has been determined that the annual bonus for FY22 will operate over two separate periods. Performance measures and weightings will remain unchanged from the prior year – profit (75%) and strategic objectives (25%) – with the exception of a financial underpin which will apply to the strategic element. While the strategic element will operate for the full financial year (subject to a financial underpin), the financial element will operate for a reduced period taking into account the Company's reliance on government support as well as the expected return to profitability following the easing of lockdown restrictions. It is anticipated the financial element of the bonus will be introduced from the start of the second half of the year or after the Company stops relying on government support.

The overall structure of the LTIP awards granted to Executive Directors in FY22 remains unchanged, and awards will be granted as normal in June 2021. However, in line with shareholder guidance, the Remuneration Committee has chosen to delay target setting until the second half of the year in light of the continued economic uncertainty. The LTIP is a key incentive and retention tool over the long term and the Remuneration Committee believes that it is critical that targets set are to be stretching but fair in order to align management with the shareholder experience over the next three years. The Committee is of the view that it will be better able to set LTIP targets which strike this balance later in the year once more is known on the shape of the Covid-19 recovery. Once set, performance targets will be disclosed on our website.

Our Gender Pay Gap Report will be published on our investor relations website at tedbakerplc.com by October 2021. We are committed to creating equitable pay across gender and roles of the same pay scale.

I would like to thank our shareholders for their ongoing support in our approach to remuneration.

Andrew Jennings OBE
Chair of the Remuneration Committee
13 June 2021

Part B: Directors' remuneration policy

OVERVIEW AND AIMS

This is a summary of the Directors' remuneration policy and its implementation for FY21. The policy was approved by shareholders on 21 July 2020 at the Company's Annual General Meeting and is intended to apply for three years from that date. No changes have been made to the policy since it came into effect and the full policy can be found in the Group's Annual Report and Accounts for the year ended 25 January 2020 at www.tedbakerplc.com

The aim of the Directors' remuneration policy is to attract, motivate and retain high quality management. It is designed to incentivise Executive Directors according to the levels of value generated for shareholders. We use performance metrics that create a strong link between Executive Director remuneration and business performance over the short and longer term.

In particular, we considered the following factors while formulating the remuneration policy, based on the UK Corporate Governance Code:

- **Clarity** – Incentive arrangements are based on clearly defined financial and strategic performance metrics.
- **Simplicity** – Remuneration arrangements are simple, comprising of the fixed elements of base salary, benefits and pension; short-term incentives of annual bonus; and long-term incentives of the LTIP.
- **Risk** – The Committee considers the structure of the annual bonus and LTIP does not encourage inappropriate risk-taking. In addition, malus and clawback provisions apply to the annual bonus and LTIP.
- **Predictability** – The total remuneration opportunity graphs, as set out in the full remuneration policy, provide estimates on the potential future reward opportunity including target and maximum performance, as well as incorporating share price appreciation.
- **Proportionality** – The Remuneration Committee may seek to override formulaic outcomes if they do not reflect underlying Company and individual performance and the wider business circumstances.
- **Alignment to culture** – In determining executive remuneration, the Remuneration Committee considers a number of wider workforce themes as part of its review, including workforce demographics and the reward, incentives and conditions available to Ted Baker's workforce generally to ensure executive remuneration is appropriate from a cultural perspective.

Our remuneration policy uses fixed annual elements such as salary, pension and benefits to recognise the status of our Executive Directors and to ensure current and future market competitiveness. The annual bonus and LTIP provides a direct link between remuneration and KPIs. They also create alignment between the Executive Directors' personal return and the return to investors.

SUMMARY OF POLICY FOR EXECUTIVE DIRECTORS AND IMPLEMENTATION FY22

Operation and link to strategy	Maximum potential	Performance metrics and time period	Implementation for FY22
BASE SALARY			
— Salary normally reviewed annually and reflects the role and sustained value of the individual in terms of skills, experience and contribution.	— No maximum salary, however annual increases will normally be broadly consistent with increases in base salary of the wider employee population unless there is a change in role or responsibility, or where periodic benchmarking demonstrates that the overall remuneration package falls below the Group's policy of the targeted median level.		Due to the ongoing challenges associated with the Covid-19 pandemic, base salaries for Executive Directors will not be increased at this time. Base salaries will therefore be as follows: — CEO – £525,000 — CFO – £395,000 The Committee intends to review salaries at the start of the second half of the year in line with the approach being taken for the wider workforce.

Operation and link to strategy	Maximum potential	Performance metrics and time period	Implementation for FY22
ANNUAL BONUS			
— Drives and rewards annual performance. — Any bonus over 100% of base salary is deferred into shares for a two-year period. — Malus and clawback provisions apply.	— 150% of base salary. — Up to 200% of base salary in exceptional circumstances.	— Performance is measured over the financial year. — Performance measures may include both financial targets and quantifiable strategic objectives. At least 75% of the bonus will be linked to the achievement of financial targets. — 0% of the bonus will vest at threshold performance with 100% of the bonus vesting at stretch performance. — The Remuneration Committee reserves the right to override formulaic outcomes if these do not reflect underlying Company and individual performance and the wider business circumstances.	— Recognising the continued impact of the pandemic on the business, the annual bonus for FY22 will operate over two separate periods. — For FY22, 75% of the bonus will be based on profit targets with reference to internal and external forecasts and 25% of the bonus will be based on delivering our transformation objectives, subject to a full year profit underpin. — While the strategic element will operate for the full financial year, the financial element will operate for a reduced period taking into account the Group's reliance on government support following the easing of lockdown restrictions. — The maximum bonus opportunity will be 150% of base salary, although any payout will be capped at a reduced level reflecting the fact that the financial element will only operate for part of the year. Two-thirds of the maximum opportunity will be payable for on-target performance. — Strategic objectives for the CEO and CFO will focus on delivery of Ted Baker's transformation strategy.

Operation and link to strategy	Maximum potential	Performance metrics and time period	Implementation for FY22
RETIREMENT BENEFITS			
— Positioned to ensure broad competitiveness and to align with current market practice.	— Executive Directors are entitled to pension contributions to a money purchase scheme (or a cash allowance in lieu of a contribution to a pension scheme) at a rate aligned with the majority of the wider UK workforce. This is currently 3% of base salary.		— No changes; Executive Directors will continue to receive a pension contribution in line with the wider UK workforce of 3% of base salary.

SUMMARY OF POLICY FOR EXECUTIVE DIRECTORS AND IMPLEMENTATION FY22 CONTINUED

Operation and link to strategy	Maximum potential	Performance metrics and time period	Implementation for FY22
LTIP			
– Drives the overall business strategy and objectives and aligns the interests of shareholders and the Executive Team over the longer term. – Once vested, the LTIP shares are subject to a two-year holding period. – Malus and clawback provisions apply.	– 150% of base salary. – Up to 300% of base salary in exceptional circumstances. – In the case of new joiners, a double award may be granted in the year following their recruitment if no award was granted in the first year of their employment.	– Awards vest dependent on the achievement of performance targets over three years. – Performance conditions may vary but the Remuneration Committee will consult with shareholders on any major changes proposed. – 25% vesting if threshold performance is achieved over the three-year performance period, rising to 100% vesting at stretch performance. – The Remuneration Committee reserves the right to override formulaic outcomes if these do not reflect underlying Company and individual performance and the wider business circumstances.	– The maximum LTIP opportunity for FY22 will be 150% of base salary for the CEO and 125% of base salary for the CFO. – The FY22 LTIP awards will be subject to equally weighted relative TSR and cash flow targets. An EPS underpin applies in respect of the element. – Target setting will be delayed until the second half of the year in light of the continued economic uncertainty. Targets will however consider internal and external forecasts. Once set, performance targets will be disclosed on our website.

Operation and link to strategy	Maximum potential	Performance metrics and time period	Implementation for FY22
THE TED BAKER SHARESAVE SCHEME			
– Executive Directors may participate in the Ted Baker Sharesave Scheme. – The purpose of the Sharesave Scheme is to align the interests of the Executive Directors with the long-term interests of shareholders and the wider workforce.	– All Executive Directors may save up to the statutory limit (currently £500 per month) towards options over shares of the Company (at an exercise price of not less than 80% of market value) over any three- or five-year period, in line with invitations to the wider workforce.	–	– No changes; Executive Directors may continue to participate in the Group Sharesave Scheme.

Operation and link to strategy	Maximum potential	Performance metrics and time period	Implementation for FY22
SHARE OWNERSHIP GUIDELINES			
– Executive Directors are encouraged to hold at least 100% of base salary in shares. – Shareholdings can be acquired over five years. If an Executive Director has not met their guideline on the fifth anniversary of their appointment, they will be expected to retain all shares arising from exercised LTIP awards (other than shares sold to pay tax liabilities) or any other share plan as determined by the Remuneration Committee until such time as the guideline is met. – Following cessation of employment, a former Executive Director is required to retain 100% of shares which form part of their shareholding guideline and which were obtained following the vesting of LTIP awards (including any awards that vest following cessation of employment) for a period of one year following cessation of employment, and 50% for an additional year.	–	–	– No changes.

Operation and link to strategy	Maximum potential	Performance metrics and time period	Implementation for FY22
OTHER BENEFITS			
– Current entitlements include car allowance and medical insurance. – The Remuneration Committee has discretion to provide additional benefits which it considers necessary in order to attract or retain Executive Directors and which are in line with market practice. – Such additional benefits may include, for example, reasonable relocation costs in respect of a new Executive Director. – Executive Directors are also offered a number of other benefits in line with other team members such as participation in the Ted Clothing Purchase Scheme.	– None	–	– No changes.

SUMMARY OF POLICY FOR NON-EXECUTIVE DIRECTORS AND IMPLEMENTATION FOR FY22

The Board aims to recruit high-calibre Non-Executive Directors (NEDs) with broad commercial, international or other relevant experience. The remuneration policy for NEDs is set by the Board, taking into account fees paid by other companies of a similar size and complexity.

Approach to setting fees	Additional fees	Other items	Implementation for FY22
— Fees are reviewed at appropriate intervals taking into account the time commitment expected and practice in peer companies of a similar size, sector and complexity. — Each NED is paid a basic fee. A higher basic fee is typically paid to the Chair of the Board. — There is no prescribed maximum fee, but the aggregate fees for NEDs will not exceed the maximum aggregate fee limit set out in the Company's Articles of Association.	— Additional fees are paid for being a member of a Board Committee, for acting as a chair of a Board Committee or for acting as the Senior Independent Director. — The Board reserves the right to pay additional fees to NEDs for taking on extra responsibilities outside of their normal duties.	— NED fees are not subject to clawback or withholding arrangements. — The NEDs do not participate in the Group's annual bonus scheme, long-term incentive plans, health care arrangements or employee share schemes and do not receive any retirement benefits. — The Group provides each NED with relevant liability insurance for the duration of their appointment. — NEDs are reimbursed for reasonable expenses.	— No changes to fees levels for FY22. — NED fees are therefore as follows: – Chair – £200,000 – NED basic fee – £60,000 – Additional fees – £5,000 for SID; £5,000 for Committee membership; £10,000 for Committee Chair.

CONTRACTS OF SERVICE AND LETTERS OF APPOINTMENT

Each Executive Director has a service contract. Service contracts and letters of appointment are available for inspection at the registered office.

	Date of service contract/ letter of appointment	Duration of contract/appointment	Unexpired term	Notice period	Provision for compensation
Executive Directors					
Rachel Osborne[1]	11/11/2019	Contract is of unlimited duration	N/A	12 months	None
David Wolffe	18/05/2020	Contract is of unlimited duration	N/A	12 months	None
Non-Executive Directors					
John Barton	01/07/2020	Three years	2 years 5 months	3 months	None
Andrew Jennings	01/04/2020	Three years	2 years 2 months	3 months	None
Helena Feltham	01/05/2019	Three years	1 year 3 months	3 months	None
Jonathan Kempster	17/12/2019	Three years	1 year 10 months	3 months	None
Colin La Fontaine Jackson	01/09/2020	Three years	2 years 7 months	3 months	None

1 As part of Rachel's recruitment and included in her contract, it was agreed that her annual bonus within the financial year FY22 would be subject to a minimum of £70,000, provided she has not left the Company by reason of gross misconduct before the time of payment.

DIFFERENCES IN REMUNERATION POLICY FOR ALL TEAM MEMBERS

A consistent remuneration approach is applied to all levels throughout the Group (with exceptions outlined below) to ensure business strategy and performance are aligned, and the total reward is sufficient to attract and retain high-performing and talented individuals.

All team members of Ted Baker are entitled to a base salary, access to a discretionary corporate and individual performance-based annual or periodic bonus and a range of benefits dependent upon their role within the Group. Any exceptional increase to base salary is structured around specific criteria linked to significant change in role or level of responsibility, market value at a median level, value to Ted Baker and cross-departmental equality for like roles. The maximum opportunity for bonus and benefits is based on career level, responsibility and function of the role.

LTIP awards are only available to Executive Directors. Awards under the Ted Baker Incentive Plan are available to members of senior management and members of the leadership team. Share option grants under the Ted Baker Sharesave Scheme are available to all UK team members.

Similar to Executive Directors, members of the Group management team are encouraged to hold shares in the Company.

Malus and clawback provisions for Executive Director annual bonus payments and LTIP awards also apply to senior members of the Group management team.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The Chief People Officer presents the proposed pay review for the general team member population and any changes to remuneration policy within the Group to the Remuneration Committee at its meeting in February each year. The Committee limits any increases in base salary for Executive Directors so they are broadly in line with salary increases applied across the general team member population other than in exceptional circumstances detailed above. This includes the ability to make incremental changes if the salary and total reward falls below the targeted median range.

Proposed remuneration arrangements are discussed with team member communication groups and senior management. The Remuneration Committee does not specifically invite team members to comment on the Executive Directors' remuneration policy but any comments made by team members are taken into account.

Any benchmarking exercise undertaken that subsequently underpins the remuneration policy and its implementation for Executive Directors, also takes into account the remuneration levels of other Executive Team members within the Group.

The Remuneration Committee continues to support its established commitment to the Group policy of targeting total remuneration levels for senior management and team members across the Group within the median range to retain and reward key individuals.

As part of the Remuneration Committee's annual work, it has a calendar of team member engagements to explain how executive remuneration aligns with wider Group pay policy. In FY21 Andrew Jennings attended meetings with Ted Baker's Fresh Eyes Forum, Ted Baker's US leadership team, and a meeting for members of the leadership team and above. This built on last year's events where Andrew Jennings attended an Executive Board meeting, a senior retail team meeting and a development board meeting. Opportunities will be identified for further team member engagement in FY22 that broaden our engagement with team members across the business and at all career levels.

CONSIDERATION OF SHAREHOLDER VIEWS

The Remuneration Committee reviews any shareholder feedback on the Directors' Remuneration Report to make sure their views are considered in the formation and implementation of the policy. We seek feedback from key shareholders on any major changes to executive remuneration, including major changes to the level of awards to be made or the performance metrics in respect of the Company's long-term incentive schemes.

While developing our Directors' Remuneration Policy, we invested time for detailed consultation with major shareholders and their feedback was incorporated into the final policy presented at the 2020 AGM. This policy gained 89.29% of our shareholders' support.

The tables below set out in a single figure the total amount of remuneration, including each element, received by each of the Executive and Non-Executive Directors for the periods ended 30 January 2021 and 25 January 2020.

DIRECTORS' SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

53 weeks ended 30 January 2021	Salary[5] £'000	Benefits[1] £'000	Performance-related bonus £'000	Long-Term Incentive Plans £'000	Pension £'000	Other items[8] £'000	Total Fixed payments	Total Variable payments	Total FY21[2] £'000
Executive									
Rachel Osborne	502	23	–	–	14	53	592	–	592
David Wolffe	262	16	–	–	8	–	286	–	286
Non-Executive									
Andrew Jennings	76	–	–	–	–	–	76	–	76
Jennifer Roebuck[3]	11	–	–	–	–	–	11	–	11
Sharon Baylay[4]	55	–	–	–	–	–	55	–	55
Helena Feltham	74	–	–	–	–	–	74	–	74
Jonathan Kempster	74	–	–	–	–	–	74	–	74
John Barton[6]	117	–	–	–	–	–	117	–	117
Colin La Fontaine Jackson[7]	25	–	–	–	–	–	25	–	25
	1,196	**39**	**–**	**–**	**22**	**53**	**1,310**	**–**	**1,310**

Notes:
1 Benefits comprise private medical insurance and car benefits.
2 There has been no benefit relating to share price appreciation during the year or discretion exercised regarding any award where that discretion was influenced by share price appreciation or depreciation.
3 Resigned from the Board on 31 March 2020.
4 Left the Board on 21 July 2020.
5 This figure includes the voluntary pay cut in light of the pandemic.
6 Appointed to the Board on 1 July 2020.
7 Appointed to the Board on 1 September 2020.
8 Rachel incurred certain losses due to her being required to repay part of a bonus she had received. Under her service contract, Rachel is entitled to be compensated by the Company in respect of such losses up to a maximum amount of £200,000. The total amount that Rachel will be required to repay to her previous employer is £35,821.37, which is to be repaid in nine monthly instalments. The amounts shown in the table reflect the gross payments to Rachel during the 53 weeks ended 30 January 2021 to compensate her (on an after-tax basis) for the repayments she has made. Rachel had agreed on joining, in her contract of employment, that she would be entitled to a guaranteed bonus of £70,000 which will be payable in October 2021.

52 weeks ended 25 January 2020	Salary £'000	Benefits[7] £'000	Performance-related bonus £'000	Long-Term Incentive Plans £'000	Pension £'000	Other items £'000	Total Fixed payments	Total Variable payments	Total FY20[8] £'000
Executive									
Ray Kelvin[1]	40	2	–	–	–	–	42	–	42
Lindsay Page[2]	398	17	–	–	50	–	465	–	465
Rachel Osborne[3]	99	5	–	–	5	15	124	–	124
David Bernstein[4]	158	–	–	–	–	–	158	–	158
Non-Executive									
David Bernstein[4]	9	–	–	–	–	–	9	–	9
Ron Stewart	77	–	–	–	–	–	77	–	77
Andrew Jennings	76	–	–	–	–	–	76	–	76
Jennifer Roebuck	67	–	–	–	–	–	67	–	67
Sharon Baylay	83	–	–	–	–	–	83	–	83
Helena Feltham[5]	37	–	–	–	–	–	37	–	37
Jonathan Kempster[6]	9	–	–	–	–	–	9	–	9
	1,053	**24**	**–**	**–**	**55**	**15**	**1,147**	**–**	**1,147**

Notes:
1 Ray Kelvin resigned from the Board on 4 March 2019.
2 Lindsay Page resigned from the Board on 10 December 2019.
3 Rachel Osborne was appointed to the Board on 11 November 2019 as Chief Financial Officer and on 10 December 2019 was appointed to Acting Chief Executive Officer. Rachel received a salary increase of £55,000 per annum for the period she was acting in this capacity and this has been reflected in her remuneration detailed above. As a result of resigning from her previous employer, Rachel incurred certain losses due to her being required to repay part of a bonus she had received. Under her service contract, Rachel is entitled to be compensated by the Company in respect of such losses up to a maximum amount of £200,000. The total amount that Rachel will be required to repay to her previous employer is £35,821.37, which is to be repaid in nine monthly instalments. The amounts shown in the table reflect the gross payments to Rachel during the 52 weeks ended 25 January 2020 to compensate her (on an after-tax basis) for the repayments she has made.
4 David Bernstein was Non-Executive Director from 26 January 2019 to 3 March 2019 and then appointed to Executive Chair on 4 March 2019. David resigned from the Board on 10 December 2019. During the period, he performed the role of Executive Chair and received a salary of £200,000 per annum and this has been reflected in his remuneration detailed in the 'Executive' section of the table above.
5 Helena Feltham was appointed to the Board on 1 May 2019.
6 Jonathan Kempster was appointed to the Board on 17 December 2019.
7 Benefits comprise private medical insurance and car benefits.
8 There has been no benefit relating to share price appreciation during the year or discretion exercised regarding any award where that discretion was influenced by share price appreciation or depreciation.

ANNUAL RATES OF SALARY IN FORCE DURING THE PERIOD

On her appointment to Chief Executive Officer on 30 March 2020, Rachel Osborne's salary was set at £525,000 per annum (previously her salary was £495,000).

David Wolffe was appointed as Chief Financial Officer on a salary of £375,000 per annum. In September 2020, David Wolffe's remit expanded to include investor relations, strategy and supply chain. The Remuneration Committee agreed a salary increase from £375,000 to £395,000 to reflect these additional responsibilities.

ANNUAL BONUS (AUDITED)

For FY21, 75% of the annual bonus was based on profit targets and 25% on individual objectives linked to the delivery of the Company's transformation strategy.

The Covid-19 pandemic and resulting lockdown restrictions made trading conditions very difficult in FY21. Overall, in FY21, Ted Baker delivered an underlying PBT loss of £59.2 million.

Despite the financial performance exceeding the expected range, the strong personal performance of both the CEO and CFO and the progress made on executing our transformation strategy, the Committee felt it would not be appropriate to pay a bonus in respect of FY21. This decision reflected the Company's reliance on government support through the UK furlough scheme. There will also be no annual bonus paid to the wider team member population.

Profit targets considered both internal and external forecasts and recognised the position of the Company in its transformation strategy. These targets did not factor in the full impact of the pandemic on the business.

	Threshold (0% awarded)	Target (67% awarded)	Maximum (100% awarded)	Actual outcome
Profit before tax	£73.2 million loss	£66.5 million loss	£59.9 million loss	£59.2 million loss

OBJECTIVES LINKED TO THE TRANSFORMATION STRATEGY (25% OF TOTAL BONUS)

Both the Chief Executive Officer and Chief Financial Officer performed strongly in FY21, delivering on their objectives, as described below, and providing exceptional leadership through an extremely challenging year. Despite this performance, as described above, the Committee determined no bonus would be payable for FY21.

Chief Executive Officer – strategic performance

- **Operational Excellence** – Improvement in gross margin through consolidation of supplier base. Number of active suppliers reduced by over a third.
- **Operational Excellence** – Significant reduction in expenditure. Commencement of full cost review during the year, which increased in scope and scale during the pandemic, and delivery of material savings across central and retail store costs. Additional future cost savings expected as a direct result of action taken during the year.
- **Stabilise the Group's Foundations** – Further strengthening the Group's leadership and enhancement of succession plan. This includes several senior appointments during the year, notably a Chief Creative Officer and Group Commercial and Business Development Director. All Executive roles have clear accountabilities and objectives. The Group now has a highly effective, diverse and creative leadership team committed to delivering the transformation strategy.

Chief Financial Officer – strategic performance

- **Operational Excellence** – Improvement in retail store profitability. Comprehensive review of retail stores across all territories, with a focus on reduction in global payroll costs. Preparation of roadmap demonstrating path to achievement.
- **Operational Excellence** – Enhancement of operational and financial controls across the business, including implementation of complete delegation of authority matrix, delivery and management of risk register action on the relaunch of the internal audit function and material progress made on remediation actions recommended following Deloitte's review into the overstatement of inventory.
- **Operational Excellence** – Significant improvement in working capital efficiency through the reduction in stock cycle from three to two years.

LONG-TERM INCENTIVE SCHEMES (AUDITED)

Awards Under the Ted Baker plc Long-Term Incentive Plan 2013 (Audited)

During the period, the sixth award granted under the 2013 LTIP was due to vest on 2 April 2021. The table below summarises actual outcomes against the performance conditions set for that award.

	Performance conditions	
	Share price increase underpin[1]	Profit per share growth[2]
Threshold performance target	10.0%	10.0%
Maximum performance target		15.0%
Actual performance achieved	(96%)	(85)%
Percentage of maximum achieved	Share price underpin not achieved	0%

1 Based on base average six-month share price at the award date of £27.12 and the six-month average at the vesting date of £3.56.

2 Based on base profit per share in FY17 of 148.37p and final profit per share of 22.25p in FY20.

In light of the very difficult trading environment, the required performance conditions for our profit growth and share price were not met. The current CEO and CFO were not in role when these awards were granted. The Committee did not exercise discretion in relation to the vesting of these awards.

Awards granted under the LTIP during the year (Audited)

In September 2020, awards were made under the 2020 LTIP to Rachel Osborne and David Wolffe, as detailed in the table below.

	Date of award	Type of award	Number of shares	Face value (£)[1]	Face value[1] (% of salary)	Percentage vesting for threshold performance	End of performance period/vesting date
Rachel Osborne	4 Sept 20	Nil-cost options	1,413,189	1,574,999	300%	25%	4 Sept 23
David Wolffe	4 Sept 20	Nil-cost options	708,838	790,000	200%	25%	4 Sept 23

1 Face value based on a share price of £1.1145, being the average middle market price in the five dealing days prior to grant.

These awards are subject to the following performance conditions. In line with the remuneration policy, any shares vesting would be subject to an additional two-year holding period.

	Weighting	Threshold performance[1] (25% of the award vests)	Maximum performance[1] (100% of the award vests)
Total shareholder return performance relative to retail comparators as measured over 36-month period beginning 4 September 2020[2]	50%	Median	Upper quartile
Cash flow for the financial year ending January 2023[3]	50%	£30 million	£55 million

1 Straight line vesting between the points shown, with no vesting below threshold.

2 Retail comparators: ASOS plc, Boohoo Group plc, Burberry Group plc, B&M European Value Retail S.A., Dixons Carphone plc, Frasers Group plc, Halfords Group plc, Joules Group plc, N Brown Group plc, Mulberry Group plc, MySale Group plc, Marks and Spencer Group plc, Next plc, Quiz plc, Shoe Zone plc, Studio Retail Group plc, Superdry plc and WH Smith plc.

3 The cash flow element of the award (50% weighting) is subject to a minimum level of EPS being achieved, such that if EPS for the financial year ending in January 2023 is below 7.6p then the cash flow element will lapse in full.

SHARESAVE SCHEME (AUDITED)

Awards made during the year to Executive Directors under the Ted Baker Sharesave Scheme are detailed in the table below.

	Date of award	Type of award	Number of shares	Exercise price (£)	Face value (£)[1]	Exercise period
David Wolffe	28 Sept 20	Share options	12,857	0.84	13,127	1 Nov 23 to 30 Apr 24

1 Face value based on a share price of £1.0210, being the closing share price on the date of the award.

Directors' shareholding (Audited)

The Directors who held office during the period had the following interests, including family interests, in the shares of the Company. The shareholding guidelines under the current Directors' Remuneration Policy encourage Executive Directors (Rachel Osborne and David Wolffe) to hold at least 100% of base salary in shares. Shareholding for new Executive Directors can be acquired over five years.

		Unvested		Vested but unexercised	
Director	Shares beneficially owned as at 30 January 2021	Share options granted under 2013 LTIP and 2020 LTIP subject to performance conditions[1]	Share options granted under Ted Baker Sharesave Scheme without performance conditions[1]	LTIP 2013 and LTIP 2020 share options	Shareholding guideline met
John Barton	133,333	–	–	–	N/A
Rachel Osborne	33,333	1,413,189	–	–	No
Andrew Jennings	38,338	–	–	–	N/A
Jennifer Roebuck	–	–	–	–	N/A
Sharon Baylay	–	–	–	–	N/A
Helena Feltham	33,333	–	–	–	N/A
Jonathan Kempster	33,333	–	–	–	N/A
David Wolffe	33,333	708,838	12,857	–	No
Colin La Fontaine Jackson	–	–	–	–	N/A

1 These unvested share options do not count towards the share ownership guidelines.

No LTIP awards were exercised during the period.

Progress against shareholding guidelines

Name	Salary	Share price[1]	Number of shares needed to satisfy the Shareholding requirement	Shares beneficially owned as at 30 January 2021	Percentage of shareholding requirement met	Share options granted under 2013 LTIP and 2020 LTIP subject to performance conditions	Share options granted under Ted Baker Sharesave Scheme without performance conditions	Date shareholding requirement to be met
Rachel Osborne	£525,000	£1.006	521,868	33,333	6%	1,413,189	–	30/03/2025
David Wolffe	£395,000	£1.006	392,644	33,333	8%	708,838	12,857	18/05/2025

1 Share price used is the closing middle market share price as at 29 January 2021.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

On 10 December 2019, Lindsay Page resigned as Chief Executive Officer and David Bernstein stepped down as Executive Chair. Payments made in respect of their respective departures were disclosed in last year's Remuneration Report. No further payments were made in the period for loss of office.

PAYMENTS TO PAST DIRECTORS (AUDITED)

No payments were made in the period to past Directors (FY20: £nil).

PERFORMANCE GRAPH AND TABLE

The following graph charts the total cumulative shareholder return of the Company from January 2011 to January 2021 and shows the Company's performance against the FTSE All Share Personal Goods Index, the sector against which it is tracked by market analysts, and also against the FTSE All Share Index to illustrate the Company's performance in the general market.

Total cumulative shareholder return – January 2011 to January 2021

CEO REMUNERATION

For the financial periods ended:

	FY12	FY13[1]	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Total remuneration	569	4,126	701	757	665	1,217	1,321	1,011	485	591
% of maximum performance-related bonus paid	67%	0%	90%	100%	50%	0%	0%	0%	0%	0%
% of maximum LTIP vesting	0%	100%	0%	0%	0%	100%	100%	85%	0%	–

1 Total remuneration for FY13 includes an amount relating to awards vesting under the Ted Baker 2009 Value Creation Plan in August 2012.

PERCENTAGE CHANGE IN REMUNERATION

The table below shows how the percentage change in the total remuneration for each Director excluding share-based payments in FY20 and FY21 compares with the percentage change in the average remuneration for all team members within the Group over the same period.

Year on year change %	Salary	Benefits	Bonus[1]
Rachel Osborne	27	260	–
Andrew Jennings	–	–	–
Jennifer Roebuck[2]	–	–	–
Sharon Baylay[3]	45	–	–
Helena Feltham	46	–	–
Jonathan Kempster	3	–	–
All team members	2	3	–

1 The percentage change is 0% as no bonus was paid in either year.

2 Resigned from the Board on 31 March 2020.

3 Left the Board on 21 July 2020.

Above table excludes Directors appointed during FY21 as they have no year-on-year comparative and is annualised for named Directors who have been appointed of resigned in either period for better comparison.

All team members represents Group-wide team members, not team members of the Company alone.

GOVERNANCE | REPORT

CEO PAY RATIO

The table below compares the single total figure of remuneration for the Chief Executive Officer with that of the team members who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of our UK team members population.

Year	Method	25th Centile pay ratio	Median pay ratio	75th percentile pay ratio
2019/20	Option B	28:1	26:1	18:1
2020/21	Option C	32:1	27:1	20:1

The remuneration figures for the employee at each quartile were determined with reference to the financial year ended on 30 January 2021.

Option C was used to calculate these figures in FY21. The Committee believes that this approach provides a fair representation of the CEO to employee pay ratios and is appropriate in comparison to alternative methods, balancing the need for statistical accuracy with internal operational constraints. Ted Baker's gender pay gap data for April 2020 is not yet available, therefore salary rates in force at 30 January 2021 were used to identify the best equivalent for three Group UK team members whose hourly rates of pay are at the 25th, 50th and 75th percentiles for the Group. A full-time equivalent total pay and benefits figure for the FY21 financial year was then calculated for each of those team members, including furlough payments. The pay ratios outlined above were then calculated as the ratio of the CEO's single figure to the total pay and benefits of each of these team members.

The value of each team member's total pay and benefits was calculated using the single figure methodology consistent with the CEO. No elements of pay have been omitted.

The table below sets out the salary and total pay and benefits for the three identified quartile point team members:

£	25th percentile (P25)	Median (P50)	75th percentile (P75)
Salary and furlough payments	18,000	20,602	28,673
Total pay and benefits	18,532	21,713	29,683

The Committee considers that the median CEO pay ratio is consistent with the relative roles and responsibilities of the CEO and the identified team members. Ted Baker is committed to offering its team members a competitive remuneration package targeted at the median range for the role. Base salaries for team members, including our Executive Directors, are determined with reference to a range of factors including the role and sustained value of the individual in terms of skills, experience and contribution, market value at the median level, and relative value to Ted Baker. Due to the nature of the role, the CEO's remuneration package has higher weighting on performance-related pay (including the annual bonus and LTIP) compared to the majority of the workforce. This means the pay ratios are likely to fluctuate depending on the outcomes of incentive plans in each year.

The Committee also recognises that, due to the nature of a company's business and the flexibility permitted within the regulations for identifying and calculating the total pay and benefits for team members, the ratios reported above may not be comparable to those reported by other companies.

RELATIVE IMPORTANCE OF SPEND

The following table sets out the percentage change in dividends and employee remuneration for the 53 weeks ended 30 January 2021, compared to the 52 weeks ended 25 January 2020.

	FY21 £'000	FY20 £'000	Percentage change
Dividends	0	3,477	(100%)
Employee remuneration[1]	64,163	103,180	(38%)

1 Employee remuneration is net of furlough income.

REMUNERATION COMMITTEE AND ADVISERS

Remuneration Committee

The Remuneration Committee is responsible for setting the remuneration packages of the Executive Directors of the Board and other senior executives who fall within the scope of the Remuneration Committee. It approves all service contracts and other contracts between the Company and its Executive Directors and senior executives and, if appropriate, approves any outside interests and other directorships of the Executive Directors. The Committee also reviews and approves the design of the Company's long-term incentive schemes and determines the level of awards to be made and approves the performance metrics and targets.

The Remuneration Committee is chaired by Andrew Jennings and its other members are Helena Feltham and Jon Kempster. The Chair and members are independent NEDs as noted in the corporate governance statements.

The terms of reference for the Remuneration Committee are available on the Company's website at www.tedbakerplc.com.

Advisers

The Committee has engaged the external advisers listed below to help it meet its responsibilities.

During the year, following a competitive tender process, the Remuneration Committee appointed Deloitte LLP as independent advisers to the Committee; they provided advice from their appointment in January 2021 on all remuneration matters considered by the Remuneration Committee. Deloitte LLP are signatories to the Remuneration Consultants' Code of Conduct, and the Remuneration Committee is satisfied that the advice it receives is objective and independent. The Committee is satisfied that the Deloitte engagement team does not have connections with Ted Baker plc or its Directors that may impair their independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Prior to the appointment of Deloitte LLP in January 2021, PricewaterhouseCoopers LLP (PwC) acted as independent advisers to the Remuneration Committee. The Remuneration Committee assessed from time to time whether it considered PwC to continue to be independent. In assessing PwC's independence, the Remuneration Committee was reassured by PwC's adherence to the Remuneration Consultants' Group Code of Conduct.

Adviser	Appointed by	Service provided to the Remuneration Committee	Fees based on hourly rates	Other services provided to the Company
Pricewaterhouse Coopers LLP	Company	Review of the short- and long-term incentive arrangements, design and performance conditions	£157,500	Tax, legal, project management, accounting and internal audit services to the Group
Deloitte LLP	Company	Support around the implementation of policy for FY22	£11,900	Debt advisory, forensic accounting and internal controls

The Remuneration Committee is also assisted in its work by the Group's Chief Executive Officer, Chief Financial Officer and Chief People Officer. Attendance at all Remuneration Committee meetings is extended as a matter of course by the Chair, Andrew Jennings, to Remuneration Committee members only. The Group's Chief Executive Officer, Chief Financial Officer and Chief People Officer are requested to attend and present their views with regards to specific points of enquiry by the Committee, for example to be updated with regards to any changes to the wider team member remuneration. To avoid conflicts of interest, the Chief Executive Officer, Chief Financial Officer and Chief People Officer are not present when the Committee discusses agenda items that could impact their remuneration.

STATEMENT OF VOTING AT ANNUAL GENERAL MEETING

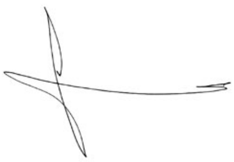
At the 2020 AGM, votes on the Remuneration Report (excluding the Directors' Remuneration Policy) were cast as follows:

	For % Number	Against % Number	Withheld	Reasons for votes against, if applicable	Action taken by Remuneration Committee
Approval of the 2020 Directors' Remuneration Report	93.03%	6.97%	394,332	The number of votes against the Remuneration Report was not considered to be significant	N/A
	127,484,038	9,547,067			

The Directors' Remuneration Policy is subject to a binding vote by shareholders every three years and was last approved at the 2020 Annual General Meeting held on 21 July 2020.

	For % Number	Against % Number	Withheld Number	Reasons for votes against, if applicable	Action taken by Remuneration Committee
Approval of Directors' remuneration policy included within the 2020 Directors' Remuneration Report	89.29%	10.71%	190,104	The number of votes against the updated policy was not considered to be significant	N/A
	122,540,753	14,694,581			

The Directors' Remuneration Report was approved on behalf of the Board on 13 June 2021 and signed on its behalf by:



Andrew Jennings OBE
Chair of the Remuneration Committee
13 June 2021

We are required under the Listing Rules to produce a Directors' Report by law, along with other statutory and regulatory disclosures including under LR 9.8.4R as set out in the points below. We have prepared and presented the information on pages 94-96 of this document together with the information on pages 1-56.

The information outlined below would normally be included in the Directors' Report but can be found on the following pages of this Annual Report. This forms part of the Directors' Report:

- Information on energy consumption and greenhouse gas emissions (on pages 44-45 of the Strategic report)
- Information on future developments in the business (on page 20 of the Strategic report)
- Information on people policies and team members and the employment of disabled people (on page 36 of the Strategic report)
- Information on engagement with its team members (on pages 35-38 of the Strategic report)
- Information on our regard for our business relationships with suppliers, customers and others (on pages 38-45 of the Strategic report)
- Information on the use of financial instruments (Note 25 to the financial statements on page 142)
- Information on internal controls and risk management systems in relation to the financial reporting process (on page 48 of the Strategic report)
- Details of Directors waiving emoluments (on page 87 of the remuneration report)
- Details of share allotments (on page 32)
- The material contracts for the sale and leaseback of the head office (on page 55).

MANAGEMENT REPORT

For the purpose of Disclosure Guidance and Transparency Rules DTR 4.1.5R(2) and DTR 4.1.8, the Directors' Report and the Strategic report make up the Management Report.

SUBSIDIARY UNDERTAKINGS

The subsidiary undertakings of the Group in the period are listed in Note 13 to the accounts. The Group also has branches operating in Ireland, Portugal and Hong Kong.

RESULTS AND DIVIDENDS

The audited accounts for the 53 weeks ended 30 January 2021 are set out on pages 106-146. For the 53 weeks ended 30 January 2021 the Group's loss before tax was £107.7 million (2020: loss of £77.6 million). The Directors are not recommending a final dividend.

DIRECTORS

During the period the Directors were those listed on pages 71 and 87. Details of the Directors' beneficial interests in the shares of the Company are shown on page 95. Details of their interests in share options are given in the Directors' Remuneration Report on page 90. You will find brief career details for each Director on pages 58-61.

SUBSTANTIAL SHAREHOLDINGS

As at 30 January 2021, the Company had been notified, in accordance with the Disclosure Guidance and Transparency Rules (DTR5), of substantial interests in the ordinary share capital of the Company. For details see the table below:

Name of holder	Number	% held
Toscafund Asset Management	50,034,797	27.10%
Schroder Investment Management	24,370,843	13.20%
Ray Kelvin	21,743,607	11.78%
Columbia Threadneedle Investments	17,585,267	9.55%
Fidelity Management & Research	6,802,963	3.69%
Legal & General	6,745,469	3.65%

In accordance with LR9.8.6(2) there have been the following changes in the interests disclosed to the Company between the end of the period and 17 May 2021.

Name of holder	Number	% held
Toscafund Asset Management	47,804,383	25.89%
Schroder Investment Management	24,330,993	13.18%
Ray Kelvin	21,743,607	11.78%
Columbia Threadneedle Investments	17,643,562	9.56%
Fidelity Management & Research	6,804,792	3.69%
Legal & General	6,693,265	3.63%

SHARE CAPITAL AND CONTROL

Details of the Company's share capital are shown in the Group's financial statements on page 139. As at 30 January 2021 there were 184,608,786 ordinary shares in issue. The rights and obligations attaching to the Company's shares, as well as those conferred on their holders by law, are set out in the Articles of Association. Subject to the Articles of Association, the holders of ordinary shares are entitled to receive all shareholder documents, attend and speak at general meetings of the Company, exercise all voting rights and receive dividends and participate in other distributions of assets. The Company may not exercise any rights (such as voting rights) in respect of any treasury shares and any treasury shares carry no right to receive dividends or other distributions of assets. Other than as set out in the Articles of Association, the Company is not aware of any agreements between shareholders restricting the voting rights or the right to transfer shares in the Company.

The Directors were granted authority at the 2020 AGM to allot shares in the capital of the Company up to an aggregate nominal amount of £3,045,678 (being approximately 33% of the total ordinary share capital in issue prior to the 2020 AGM). This authority is due to lapse at the Annual General Meeting in 2021 (the 2021 AGM). At the 2021 AGM, shareholders will be asked to grant a similar allotment authority. The Directors were also empowered at the 2020 AGM to allot shares for cash on a non-pre-emptive basis both in connection with a rights issue or similar pre-emptive issue and, otherwise than in connection with any such issue, up to a maximum aggregate nominal amount of £461,466. Such amount represented approximately 5% of the Company's ordinary share capital as it stood prior to the 2020 AGM in line with the Pre-Emption Group Statement of Principles on disapplying pre-emption rights (the Principles). As permitted by the Principles, the Directors were also empowered at the 2020 AGM to allot shares for cash on a non-pre-emptive basis up to the same amount for use only in connection with an acquisition or a specified capital investment.

Both powers are due to lapse at the 2021 AGM at which shareholders will be asked to grant similar powers in line with best practice and the Pre-Emption Group's Principles. The Company did not seek an authority at the 2020 AGM to buy back its own shares and there was no authority in place as at the end of the period. The Company proposes to seek authority to buy back its own shares at the 2021 AGM in line with best practice.

APPOINTMENT AND REMOVAL OF DIRECTORS AND ARTICLES OF ASSOCIATION

The Articles of Association provide that the Company's shareholders may appoint any person to act as a Director or, on special notice, remove any Director from office by passing an ordinary resolution at a general meeting. The Articles also empower the Board to appoint any person as a Director. The Articles set out when a Director must leave office. These include where a Director resigns, becomes bankrupt or is prohibited from acting as a director for other reasons, is absent from the business for the long term or where a Director is required to resign by all the other Directors.

The Articles provide that any Director who was appointed by the Board during the period shall retire at the next Annual General Meeting following his or her appointment, but that Director may then stand for election by the Company's shareholders. Additionally, at each Annual General Meeting one third of the Directors must retire from office and each Director must retire at least once every three years. Retiring Directors may stand for re-election by the Company's shareholders. Notwithstanding the provisions of the Articles, the Company's current practice, in accordance with the recommendations of the Code, is to require each Director to stand for election or re-election by the Company's shareholders on an annual basis. Changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time. The powers of the Directors are determined by legislation and the Articles of Association of the Company in force from time to time.

The Articles can only be amended, or new Articles adopted, by a special resolution passed by shareholders in a general meeting by at least three quarters of the votes cast.

CHANGES OF CONTROL

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts, bank loan agreements and employee share schemes. None of these is deemed to be significant in terms of its potential impact on the business of the Company.

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover, save that the Company's share schemes contain provisions which may cause options and awards granted to team members to vest on a takeover.

DIRECTORS' INTERESTS

The Directors who held office at 30 January 2021 and their connected persons had interests in the shares of the Company as shown in the table below.

	% of share capital	30 January 2021 Beneficial Number	25 January 2020 Beneficial Number
John Barton	0.07%	**133,333**	–
Helena Feltham	0.02%	**33,333**	–
Colin La Fontaine Jackson	–	**–**	–
Andrew Jennings	0.02%	**38,338**	5,005
Rachel Osborne	0.02%	**33,333**	–
Jon Kempster	0.02%	**33,333**	–
David Wolffe	0.02%	**33,333**	–

In accordance with LR9.8.6R(1) there has been no change in the beneficial interests of the Directors or their connected persons between the end of the reporting period and 13 June 2021.

DONATIONS

The value of charitable donations made during the period was £24,075 (2020: £17,527) and a total of 21 tonnes of stock was donated to various charities (2020: 38 tonnes). There were no political donations made or political expenditure during the period (2020: £nil).

SOCIAL RESPONSIBILITY

Details of the Group's social, ethical and environmental responsibility initiatives can be found in our Sustainability story on pages 34-47.

RISK MANAGEMENT

The Company's policies on financial risk management are outlined in Note 25 to the financial statements. This information is incorporated into this Directors' Report by reference.

POST BALANCE SHEET EVENTS

On 24 May 2021, the Company entered into new agreements with its lenders to extend its facilities until November 2023, reducing facilities from £132.8 million to £90 million to January 2022, and reducing further to £80 million until expiry in November 2023. This offers significant cash and covenant headroom based on current Group forecast requirements. The Group is also undertaking a restructuring in France as further described in Note 27.

DIRECTORS' STATEMENT REGARDING DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has also taken all the steps necessary to ensure the Board is aware of any relevant audit information and to establish that the Company's auditors are aware of any such information.

The report was approved by the Board of Directors on 13 June 2021 and signed on its behalf by:

Peter Hearsey-Zoubie
General Counsel & Company Secretary
13 June 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Group and Company and of the profit or loss for the Group for that period. The Directors are also required to prepare financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements
- State whether they have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business
- Prepare a Directors' Report, a Strategic report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and Company.
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

John Barton
Chair
13 June 2021

Rachel Osborne
Chief Executive Officer
13 June 2021

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

Independent auditor's report to the members of Ted Baker plc

QUALIFIED OPINION ON THE FINANCIAL STATEMENTS

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 January 2021 and of the Group's loss for the 53 weeks then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Ted Baker plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 53 weeks ended 30 January 2021 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statement of Changes in Equity, the Group and Company Balance Sheet, the Group and Company Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR QUALIFIED OPINION WHICH IS QUALIFIED SOLELY IN RESPECT OF THE COMPARATIVE FIGURES

As explained in note 1.y to the financial statements, the Group recorded, in its financial statements for the 52 weeks ended 25 January 2020, a number of adjustments to inventory values, including amendments to inventory which had been overstated at the previous year end. It has not been possible for us to determine what the impact of these adjustments would have been on inventory values at 26 January 2019 and consequently on retained profit at that date and on the income and expenditure and calculated cash flows for the 52 week period ended 25 January 2020. Accordingly, we have been unable to determine whether the comparative figures shown in the financial statements relating to that period have been prepared on a fully comparable basis.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, the members approved our appointment at the AGM on 21 July 2020 to audit the financial statements for the 53 weeks ended 30 January 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 1 year, covering the 53 weeks ended 30 January 2021. We remain independent of the Group and the Parent 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 as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

CONCLUSIONS RELATING TO GOING CONCERN

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 Group and the Parent Company's ability to continue to adopt the going concern basis of accounting is considered to be a Key Audit Matter due to the Group being significantly impacted by the COVID-19 Global Pandemic. The Directors' assessment of going concern has involved significant estimates and judgements.

The scope of our audit addressed this key audit matter through the following:

- We assessed the Directors' forecast models with the assistance of business restructuring specialists to test the application and completeness of assumptions approved by the Directors within the forecast cash flow model and the mathematical accuracy of the calculations within the model.
- We evaluated the reasonableness of the assumptions and future plans modelled within the of directors' base case forecasts and the directors' Severe But Plausible ("SBP") downside stress test and reverse stress test ("RST") assessments including whether such plans align with expectations within the wider retail industry and adjusted for the Group's specific circumstances.
- We inspected the Group's amended covenant terms under the new facility agreement to gain assurance that the scenarios modelled appropriately considered these terms.
- We considered the directors assessment of the adequacy of headroom on the loan covenants under both the base case and SBP stress test. We also considered the RST and the extent to which the likelihood of this scenario was sufficiently low to support the directors' conclusion that there was no material uncertainty in relation to the adoption of the going concern basis in the preparation of the financial statements.
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the directors' base case forecasts and the directors' SBP stress test and RST assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

OVERVIEW

Coverage[1]	86% of Group loss before tax 88% of Group revenue 92% of Group total assets
Key audit matters	— Going concern — Carrying value of inventory — Carrying value of non-current assets — Parent Company: Recoverability of investment in subsidiaries and amounts due from subsidiaries.
Materiality	Group financial statements as a whole £2.4m based on 0.7% of Revenue (for the year)

1 These are areas which have been subject to a full scope audit by the group engagement team

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group has 26 reporting components which represent individual legal entities and branches and we assessed two of these to be significant components. One of these significant components is based in the UK and one in the US. We completed full scope audits for the Parent company and each of the significant components providing coverage of 92% of total assets, 88% of revenue and 86% of the loss before tax. Non-significant components were subject to either specified audit procedures or desktop review procedures. The Group audit team completed all audit work across the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Conclusions related to going concern section of our report, we have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter | **How the scope of our audit addressed the key audit matter**

Group: Carrying value of inventory

£87.8m (2020: £131.7m) of inventory held at the balance sheet date.

Note 1.p sets out the accounting policies for inventory.

Note 1.x sets out sources of estimation uncertainty within inventory.

Note 1.y sets out the errors or misstatements relating to inventory for the comparative periods up to 25 January 2020.

Note 15 sets out the components of inventory and amounts recognised as an expense in the period.

Inventory is held at the lower of cost and Net Realisable Value.

Cost

The carrying amount of inventories is calculated at standard cost during the year and adjustments are made to adjust standard to actual cost for inventory held at the reporting date. This involves the estimation of variances between standard cost and actual cost.

There was a change in basis of the estimate during the period as set out in note 1y).

Net Realisable Value:

- The Group has significant levels of inventory and the Directors have estimated the net realisable value of inventory based on forecast sales of stock by season during its lifecycle and providing against remaining terminal stock that will be disposed of or sold at below cost.
- The COVID-19 pandemic has created significant uncertainty in assessing the net realisable value of inventory which depends on the future anticipated sales.
- COVID-19 has resulted in a significant value of stock remaining unsold and consequently being re-classified to a future season which creates a heightened risk of impairment over this category of inventory.
- Management has estimated a provision against this category of £1.6m.

Given the level of judgement and estimation involved to ensure that inventory is correctly valued at the lower of cost and net realisable value, this was considered to be a key audit matter.

How the scope of our audit addressed the key audit matter:

Cost

- We obtained an understanding of the systems and considered the methodology applied by the Directors in determining the cost of inventory.
- We considered the directors' estimates included within the cost of inventory, assessing the director's calculations comparing standard cost to actual cost, comparing data used in the assessment to extracted inventory movement data and agreeing a sample of actual costs to supplier documentation.
- We obtained all inventory movement data for the period and involved data specialists to re-perform a reconciliation of opening to closing inventory and identify unusual postings to inventory that could indicate a potential material misstatement.
- We considered whether the change to the basis of the estimate was appropriate and accounted for and disclosed in accordance with accounting standards.

Net Realisable Value:

- We assessed forecast models used to determine anticipated sales of inventory held at the balance sheet date and resulting terminal stock value against which provisions have been made. To do this we confirmed the forecasts included in the assessment were consistent with the base case forecast used to support the Group's going concern assessment.
- We evaluated sales assumptions used within the forecast models by considering whether such plans align with expectations within the wider retail industry as adjusted for Ted Baker's specific circumstances.
- We analysed in period and post period sales prices to identify products selling at low and negative margins, to identify further indicators of impairment.
- We assessed Management's sensitivity analysis to consider how actual sales that may differ from forecast sales could impact inventory provisions.
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards.

Key observations:

As a result of performing the procedures above we did not identify indications of material misstatement in relation to the Directors' estimates of net realisable value and adjustments to cost.

Key audit matter		How the scope of our audit addressed the key audit matter
Group: Carrying value of non-current assets		
£34.8m (2020: £47.0m (Restated)) of intangible assets. £39.4m (2020: £122.7m (Restated)) of property, plant and equipment. £81.8m (2020: £138.0m) of right-of-use assets. Notes 1.k-n sets out the accounting policies for the non-current assets above. Note 1.x sets out sources of estimation uncertainty and the key judgements made in applying policies. Note 1.y sets out the changes in accounting estimates in relation to flagship stores and IFRS 16 – rent concessions. Notes 11, 12 and 21 set out the components of the non-current assets above.	**Store impairments:** Coivd-19 has resulted in restrictions and store closures and continuing uncertainty at the balance sheet date. The majority of stores in the group (with assets included within property, plant and equipment and right-of use assets) have therefore been assessed as having indicators of impairment. Accordingly an impairment assessment has been completed by the directors. — The impairment assessment completed by the directors assesses the recoverable amount of its cash generating units (individual stores) which requires the forecasting and discounting of future cash flows for inclusion within a value-in-use model. The value in use impairment assessments include a high degree of estimation uncertainty, particularly owing to the uncertain impact of COVID-19 on future cash flows and was therefore considered to be a key audit matter.	**Store impairments:** — We assessed the forecast models used to determine anticipated future cash flows in the directors' impairment assessment. To do this we confirmed the forecasts included in the assessment were consistent with the base case forecasts used to support the Group's going concern assessment. — We evaluated the assumptions used within the forecast models including whether such plans align with expectations within the wider retail industry and adjusted for Ted Baker's specific circumstances within the jurisdictions of the store portfolio. — We assessed the methodology applied within the impairment model against the relevant accounting standards and considered the appropriate interaction of IAS 36 (impairment) and IFRS 16 (leases). This included: – assessing the appropriateness of the cash generating units used in the impairment assessment and considered the anticipated future cashflows modelled for each cash generating unit for the purposes of the assessment. – using our internal valuations specialists to assess the reasonableness of the discount rate applied in the value-in-use model. — We assessed Management's sensitivity analysis to consider how actual results that may differ from forecast results could impact store impairments. — We assessed whether the disclosures in the financial statements detail the key judgements within the impairment model and sources of estimation uncertainty.
	Corporate asset impairments: — The directors assessed the corporate asset base (with assets included within intangible assets, property plant and equipment and right-of-use assets), for indicators of impairment. The directors then assessed the recoverable amount of the corporate assets which required the forecasting and discounting of future cash flows for inclusion within a value-in-use model. No impairments were identified. Due to the material carrying value of the corporate assets and the impact and uncertainty arising from COVID-19, the assessment of corporate assets for impairment was considered to be a key audit matter.	**Corporate asset impairments:** — We assessed the forecast models used to determine anticipated future cash flows in the directors' impairment assessment. To do this we confirmed the forecasts included in the assessment were consistent with the base case forecasts used to support the Group's going concern assessment. — We evaluated the assumptions used within the forecast models including whether such plans align with expectations within the wider retail industry as adjusted for Ted Baker's specific circumstances. **Key observations:** As a result of performing the procedures above we did not identify indications of material misstatement in relation to the judgements and estimates included within the impairment assessments.
Parent Company: Recoverability of investment in subsidiaries and amounts due from subsidiaries		
£26.4m (2020: £25.2m) of investments £119.7m (2020: £27.1m) of amounts due from subsidiaries Notes 1.o and q sets out the accounting policies for the above assets. Notes 13 and 16 set out the components of the assets above.	During the financial period, the COVID-19 pandemic has adversely affected the performance of subsidiaries in the Group, with significant impact on cash generated. The recoverability of the investments in and amounts due from subsidiaries is reliant on the future cash flows of those subsidiaries and the directors have accordingly prepared a value-in-use assessment and determined that no impairment needs to be recognised. Due to the degree of estimation uncertainty inherent in this assessment this was considered to be a key audit matter.	We assessed the forecast models used to determine anticipated future cash flows in the directors' recoverability assessment. To do this we confirmed the forecasts included in the assessment were consistent with the base case forecasts used to support the Group's going concern assessment. We evaluated the assumptions used within the forecast models including the growth rates applied beyond the going concern assessment period and whether such plans align with expectations within the wider retail industry as adjusted for Ted Baker's specific circumstances. We assessed whether the disclosures in the financial statements detail the key judgements within the recoverability assessment and sources of estimation uncertainty. **Key observations:** As a result of performing the procedures above we did not identify indications of material misstatement in relation to the estimates included within the value-in-use assessment.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements 2021 £m	Parent company financial statements 2021 £m
Materiality	2.4	1.5
Basis for determining materiality	0.7% of revenue	1.0% of total assets
Rationale for the benchmark applied	Revenue represents the most appropriate benchmark of trading for the group given the volatility in performance caused by the Covid-19 pandemic.	Total assets is considered to be the most appropriate measure as the Company is a holding company that does not trade.
Performance materiality	1.4	0.9
Basis for determining performance materiality	60% of overall materiality	60% of overall materiality

Component materiality

We set materiality for each component of the Group based on a percentage of between 63% and 75% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1.5m to £1.8m. In the audit of each component, we further applied performance materiality levels of 60% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £48,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. 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.

To the extent that the other information refers to or is based on comparative financial information to which the matter referred to in the Basis for opinion section of our report relates, we have been unable to determine whether such information may be materially misstated.

We have no other matters to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	— The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 55; and — The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 54.
Other Code provisions	— Directors' statement on fair, balanced and understandable set out on page 97; — Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 48; — The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 72; and The section describing the work of the audit committee set out on page 72.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	Except for the possible effects of the matter described in the basis for opinion section of our report: 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 period 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. In the light of the knowledge and understanding of the Group and Parent 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	Arising solely from the limitation on the scope of our work relating to comparative financial information, referred to in the Basis for opinion section of our report above we have not obtained all the information and explanations that we considered necessary for the purpose of our audit. 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or — the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or — certain disclosures of Directors' remuneration specified by law are not made.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities , 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 Group's and the Parent 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 Group or the Parent 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 these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration and performance targets;
- the results of our enquiries of management and the Audit Committee about their own identification of the risk of irregularities;
- any matters we identified through the review of the Group's documentation of their policies and procedures; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of fraud and non-compliance with applicable laws and regulations. These included but were not limited to the Companies Act 2006, Financial Conduct Authority regulations including the UK Listing Rules, the principles of the UK Governance Code, employment law, pensions and tax legislation.

Our procedures included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- identifying and testing journal entries, in particular journal entries posted to revenue, unusual account combinations, journals posted through suspense accounts, journals posted by unexpected users;
- enquiries with management, the Audit Committee and enquiries of internal legal counsel;
- review of minutes of Board meetings throughout the year;
- review of correspondence between the group and the regulatory bodies;
- review of tax compliance and involvement of our tax experts in the audit; and
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to the measurement of impairment provisions, valuation of inventory, recoverability of parent company investments and amounts due from subsidiaries and going concern.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

USE OF OUR REPORT

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sophia Michael (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

13 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

For the 53 weeks ended 30 January 2021

	Note	53 weeks ended 30 January 2021			52 weeks ended 25 January 2020		
		Underlying £'000	Non-underlying items[1] £'000	Total £'000	Underlying £'000	Non-underlying items[1] (Restated)[2] £'000	Total (Restated)[2] £'000
Revenue	2	351,983	–	351,983	630,478	–	630,478
Cost of sales		(161,271)	(7,957)	(169,228)	(279,719)	(43,669)	(323,388)
Gross profit/(loss)		**190,712**	**(7,957)**	**182,755**	**350,759**	**(43,669)**	**307,090**
Distribution costs		(175,854)	(45,303)	(221,157)	(244,124)	(22,157)	(266,281)
Administrative costs		(71,025)	(13,402)	(84,427)	(88,345)	(12,562)	(100,907)
Other operating income and expenses	4	6,488	17,446	23,934	144	–	144
Operating (loss)/profit		**(49,679)**	**(49,216)**	**(98,895)**	**18,434**	**(78,388)**	**(59,954)**
Share of post-tax (losses) from joint ventures	13	(1,136)	(7)	(1,143)	(1,229)	(989)	(2,218)
Finance income	5	399	655	1,054	138	–	138
Finance expense	5	(8,745)	–	(8,745)	(12,565)	(3,026)	(15,591)
(Loss)/profit before tax	3	**(59,161)**	**(48,568)**	**(107,729)**	**4,778**	**(82,403)**	**(77,625)**
Taxation	7	19,149	2,135	21,284	(1,804)	11,243	9,439
(Loss)/profit after tax attributable to owners of the Company		**(40,012)**	**(46,433)**	**(86,445)**	**2,974**	**(71,160)**	**(68,186)**
Loss per share	10						
Basic				(56.2p)			(153.0p)
Diluted				(56.2p)			(153.0p)
Dividends per share							
Interim				–			7.8p
Final				–			–

1 More details on non-underlying items and a reconciliation of Alternative Performance Measures are included in Note 3.

2 More details of the restatement are shown in note 1y).

The accompanying notes are an integral part of the financial statements.

Group statement of comprehensive income

For the 53 weeks ended 30 January 2021

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 (Restated)[1] £'000
(Loss) after tax attributable to owners of the company	**(86,445)**	**(68,186)**
Other comprehensive (loss)/income		
Items that may be reclassified to the income statement		
Net effective portion of changes in fair value of cash flow hedges	(422)	2,227
Exchange differences on translation of foreign operations net of tax	(746)	1,472
Other comprehensive (loss)/income for the period	**(1,168)**	**3,699**
Total comprehensive (loss) for the period	**(87,613)**	**(64,487)**

1 More details of the restatement are shown in note 1y).

The accompanying notes are an integral part of the financial statements.

For the 53 weeks ended 30 January 2021

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Total equity attributable to equity shareholders of the parent £'000
Balance at 25 January 2020 (restated)[1]		**2,228**	**10,555**	**(743)**	**6,328**	**122,305**	**140,673**
Comprehensive Loss for the period							
Loss for the period		–	–	–	–	(86,445)	**(86,445)**
Exchange differences on translation of foreign operations		–	–	–	(1,333)	–	**(1,333)**
Current tax on foreign currency translation		–	–	–	587	–	**587**
Effective portion of changes in fair value of cash flow hedges		–	–	(428)	–	–	**(428)**
Deferred tax associated with movement in hedging reserve		–	–	6	–	–	**6**
Total comprehensive loss for the period		**–**	**–**	**(422)**	**(746)**	**(86,445)**	**(87,613)**
Transactions recognised directly in equity							
Increase in issued share capital	22	7,002	90,749	–	–	–	**97,751**
Share-based payment charges		–	–	–	–	1,204	**1,204**
Movement on current and deferred tax on share-based payments		–	–	–	–	21	**21**
Total		**7,002**	**90,749**	**–**	**–**	**1,225**	**98,976**
Balance at 30 January 2021		**9,230**	**101,304**	**(1,165)**	**5,582**	**37,085**	**152,036**

1 More details of the restatement are shown in note 1y).

For the 52 weeks ended 25 January 2020

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Translation reserve £'000	Retained earnings £'000	Total equity attributable to equity shareholders of the Company[2] £'000
Balance at 26 January 2019		**2,228**	**10,555**	**(183)**	**4,856**	**211,012**	**228,468**
Adjustment on initial application of IFRS 16[1]		–	–	–	–	894	**894**
Balance at 27 January 2019 (restated)[2]		2,228	10,555	(183)	4,856	211,906	**229,362**
Comprehensive (loss)/income for the period							
Loss for the period[2]		–	–	–	–	(68,186)	**(68,186)**
Exchange differences on translation of foreign operations		–	–	–	1,764	–	**1,764**
Current tax on foreign currency translation		–	–	–	(173)	–	**(173)**
Foreign exchange differences on disposal of subsidiaries		–	–	–	(119)	–	**(119)**
Effective portion of changes in fair value of cash flow hedges		–	–	2,205	–	–	**2,205**
Deferred tax associated with movement in hedging reserve		–	–	22	–	–	**22**
Total comprehensive (loss)/income for the period		**–**	**–**	**2,227**	**1,472**	**(68,186)**	**(64,487)**
Transactions recognised directly in equity							
Net change in fair value of cash flow hedges transferred to cost of inventory		–	–	(2,787)	–	–	**(2,787)**
Share-based payment charges	23	–	–	–	–	225	**225**
Movement on current and deferred tax on share-based payments		–	–	–	–	(25)	**(25)**
Dividends paid	9	–	–	–	–	(21,615)	**(21,615)**
Total transactions with owners		**–**	**–**	**(2,787)**	**–**	**(21,415)**	**(24,202)**
Balance at 25 January 2020 (restated)[2]		**2,228**	**10,555**	**(743)**	**6,328**	**122,305**	**140,673**

1 The Group has initially applied IFRS 16 at 27 January 2019, using the simplified modified retrospective transition approach.

2 More details of the restatement are shown in note 1y).

The accompanying notes are an integral part of the financial statements.

Company statement of changes in equity

For the 53 weeks ended 30 January 2021

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 25 January 2020		**2,228**	**10,555**	**22,781**	**17,586**	**53,150**
Profit for the period	8	–	–	–	157	**157**
Transactions with owners recorded directly in equity						
Increase in issued share capital	22	7,002	90,749	–	–	**97,751**
Share-based payments charges for awards granted to subsidiary employees	23	–	–	1,204		**1,204**
Dividends paid	9	–	–	–	–	**–**
Total transactions with owners		**7,002**	**90,749**	**1,204**	**–**	**98,955**
Balance at 30 January 2021		**9,230**	**101,304**	**23,985**	**17,743**	**152,262**

For the 52 weeks ended 25 January 2020

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 26 January 2019		**2,228**	**10,555**	**22,556**	**44,791**	**80,130**
(Loss) for the period	8	–	–	–	(5,590)	(5,590)
Transactions with owners recorded directly in equity						
Share-based payments charges for awards granted to subsidiary employees	23	–	–	225	–	225
Dividends paid	9	–	–	–	(21,615)	(21,615)
Total transactions with owners		**–**	**–**	**225**	**(21,615)**	**(21,390)**
Balance at 25 January 2020		**2,228**	**10,555**	**22,781**	**17,586**	**53,150**

The accompanying notes are an integral part of the financial statements.

At 30 January 2021

	Note	Group 30 January 2021 £'000	Group 25 January 2020 (Restated)[1] £'000	Company 30 January 2021 £'000	Company 25 January 2020 £'000
Intangible assets	11	34,758	46,964	–	–
Property, plant and equipment	12	39,401	122,730	–	–
Right-of-use assets	21	81,759	137,987	–	–
Investment in equity accounted investee	13	3,691	5,088	–	–
Investment in subsidiary companies	13	–	–	26,407	25,203
Amounts owed by Group undertakings		–	–	119,672	–
Deferred tax assets	14	27,635	17,638	1,100	943
Prepayments		541	634	–	–
Non-current assets		**187,785**	**331,041**	**147,179**	**26,146**
Inventories	15	87,848	131,663	–	–
Trade and other receivables	16	44,666	67,271	–	–
Amount due from equity accounted investee	13	4,305	4,462	–	–
Amounts owed by Group undertakings	16	–	–	–	27,096
Derivative financial assets	17	–	203	–	–
Income tax receivable		7,983	2,343	–	–
Cash and cash equivalents	19	66,671	52,912	5,195	21
Current assets		**211,473**	**258,854**	**5,195**	**27,117**
Total assets		**399,258**	**589,895**	**152,374**	**53,263**
Trade and other payables	20	(98,138)	(96,202)	(112)	(113)
Bank overdraft	19	–	(180,000)	–	–
Income tax payable		(2,607)	–	–	–
Lease liabilities	21	(33,754)	(36,381)	–	–
Provisions	18	(1,973)	–	–	–
Derivative financial liabilities	17	(1,191)	(1,095)	–	–
Current liabilities		**(137,663)**	**(313,678)**	**(112)**	**(113)**
Deferred tax liability	14	–	(3,588)	–	–
Provisions	18	(2,942)	–	–	–
Lease liabilities	21	(106,617)	(131,956)	–	–
Non-current liabilities		**(109,559)**	**(135,544)**	**–**	**–**
Total liabilities		**(247,222)**	**(449,222)**	**(112)**	**(113)**
Net assets		**152,036**	**140,673**	**152,262**	**53,150**
Share capital	22	9,230	2,228	9,230	2,228
Share premium	22	101,304	10,555	101,304	10,555
Other reserves	22	(1,165)	(743)	23,985	22,781
Translation reserve	22	5,582	6,328	–	–
Retained earnings	22	37,085	122,305	17,743	17,586
Total equity attributable to equity shareholders of the parent company		**152,036**	**140,673**	**152,262**	**53,150**
Total equity		**152,036**	**140,673**	**152,262**	**53,150**

Notes

1 The prior period errors or misstatements are detailed further in Note 1(y).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit/(loss) for the year in the accounts of the company was £157,000 (2020: (£5,590,000).

These financial statements were approved by the Board of Directors and authorised for issue on 13 June 2021 and were signed on its behalf by:

Rachel Osborne
Director

Company number: 03393836

The accompanying notes are an integral part of the financial statements.

Group and company cash flow statement

For the 53 weeks ended 30 January 2021

	Group 53 weeks ended 30 January 2021 £'000	Group 52 weeks ended 25 January 2020 (Restated)[2] £'000	Company 53 weeks ended 30 January 2021 £'000	Company 53 weeks ended 25 January 2020 £'000
Cash generated from operations				
(Loss)/profit for the period	(86,445)	(68,186)	157	(5,590)
Adjusted for:				
Income tax credit	(21,284)	(9,439)	(157)	(943)
Depreciation and amortisation	53,109	65,058	–	–
Amortisation of reacquired right	1,746	1,890	–	–
Impairment	45,303	13,969	–	–
Profit/(loss) on disposal of business	(17,446)	7,585	–	–
Loss on disposal of property, plant and equipment	933	447	–	–
Write off property, plant and equipment	325	–	–	–
Share-based payments charge	1,204	225	–	–
Net finance expense	7,691	15,453	–	–
Change in accounting estimates for inventory	–	45,890	–	–
IFRS 16 practical expediency	(361)	–	–	–
Net change in derivative financial assets and liabilities carried at fair value through profit or loss	–	(44)	–	–
Share of loss in joint venture	1,143	2,218	–	–
Increase in provisions	4,915	–	–	–
Decrease in non-current prepayments	126	127	–	–
Decrease in inventory	43,821	21,715	–	–
Decrease in trade and other receivables	21,966	10,700	–	28,728
Increase/(decrease) in trade and other payables	3,174	(2,202)	–	(658)
Income taxes received/(paid)	4,021	(6,953)	–	–
Net cash generated from operating activities	**63,941**	**98,453**	**(92,557)**	**21,537**
Cash flow from investing activities				
Purchases of property, plant and equipment and intangibles	(6,981)	(25,823)	–	–
Proceeds from sale of property, plant and equipment	77,782	227	–	–
Investment in equity accounted investee	–	(5,710)	–	–
Disposal of cash on disposal of Asian business	–	(865)	–	–
Increase in loans to group companies	–	–	(92,557)	–
Interest received	94	–	–	–
Dividends received from joint venture	254	278	–	–
Payments from joint venture	157	138	–	–
Net cash from investing activities	**71,306**	**(31,755)**	**(92,557)**	**–**
Cash flow financing activities				
Repayment of term loan/overdraft	(180,000)	(47,000)	–	–
Drawdown of overdraft	–	88,504	–	–
Repayment of capital element of leases	(29,045)	(34,089)	–	–
Repayment of interest element of leases	(6,781)	(7,248)	–	–
Interest paid	(1,974)	(4,256)	–	–
Dividends paid	–	(21,615)	–	(21,615)
Proceeds from issue of shares	105,003	–	105,003	–
Cost of issue of shares	(7,252)	–	(7,252)	–
Net cash from financing activities	**(120,049)**	**(25,704)**	**97,751**	**(21,615)**
Net increase/(decrease) in cash and cash equivalents	**15,198**	**40,994**	**5,174**	**(78)**
Net cash and cash equivalents at the beginning of the period	**52,912**	**14,654**	**21**	**99**
Exchange rate movement	(1,439)	(2,736)	–	–
Net cash and cash equivalents at the end of the period[1]	**66,671**	**52,912**	**5,195**	**21**

1 The Group cash flow for the 52 weeks ended 25 January 2020 has been represented to exclude overdrafts from cash and cash equivalents.

2 More details of the restatement are shown in note 1y).

The accompanying notes are an integral part of the financial statements.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

Both the consolidated and Company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (IFRS) and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. On publishing the parent company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its income statement and related notes that form a part of these approved financial statements. As is common in the retail sector, the Group operates a weekly accounting calendar and this year the financial statements are for the 53 weeks to 30 January 2021 (last year 52 weeks to 25 January 2020).

The consolidated and parent financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities (including derivative instruments), which are held at fair value and for certain other assets and liabilities recognised at fair value on business combinations. The consolidated and parent financial statements have been prepared in Pounds Sterling, which is the Group's presentation currency and are rounded to the nearest thousand Pounds Sterling.

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, future budgets and forecasts, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Group's significant judgement and estimates are shown in Note 1x).

Adoption of new accounting standards, interpretations and amendments

The group has applied the following standards and amendments for the first time in these financial statements:

- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Covid-19 – Related Rent Concessions – Amendment to IFRS 16

The application of these new standards and amendments did not have a material impact on the financial statements.

Certain new accounting standards and interpretations have been published that are not yet effective and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have prepared a going concern assessment covering the 12 month period from the date of signing these financial statements, which demonstrates that the Group is capable of continuing to operate within its existing facilities and can meet its financial covenant tests during the period. The Directors' assessment considers the principal risks facing the business, and a series of financial forecasts, which include a review of current performance and forecasts of revenue across all sales channels combined with ongoing expenditure including capital expenditure and borrowing facilities. The forecasts have been prepared whilst considering various levels of disruption from the Covid-19 pandemic. The Directors have concluded that it is appropriate to adopt the going concern basis of accounting in preparing these financial statements for the reasons set out below.

The Group acted quickly to mitigate the impact of Covid-19 by taking steps to strengthen the balance sheet through the restructuring of debt, the sale and leaseback of the Group's head office and the equity raise completed in June 2020. At 30 January 2021, the Group held £66.7 million of cash balances.

At 30 January 2021, the Group's financing arrangements comprised of two facilities, a £107.8 million Revolving Credit Facility maturing in September 2022, and a £25 million restricted Revolving Credit Facility maturing in January 2022. At year end, neither facility had been drawn down. On 24 May 2021, the Group successfully refinanced existing debt facilities, reducing the size of the facility to reflect future forecasts for the business. The existing facilities totalling £132.8 million have been replaced with a £90 million Revolving Credit Facility, reducing to £80 million in January 2022, before maturing in November 2023. Financial covenants within the facility have been set at levels that reflect past store closures and future levels of disruption modelled within the Severe but Plausible scenario. The Directors have concluded that this facility provides adequate liquidity and financial covenant headroom under all downside scenarios described below.

In making the going concern assessment, the Group has modelled a number of scenarios for the period to June 2022. The Base Case scenario is consistent with the Board approved FY22 Budget. This scenario assumes there are no further lockdowns with a slow return to global economic recovery. This includes growth assumptions that factor a continued challenge to physical retail, wholesale and licence channels. The Group has forecast strong growth in the online retail channel driven by a continued customer shift towards online spend compared to pre-Covid preferences, supported by continued investment in our online platforms and related marketing spend. Total forecast Group sales remain below pre-Covid levels for the 12 month going concern period with margins returning to pre-Covid levels.

In light of the considerable uncertainty surrounding the ongoing impact of Covid-19, a Severe but Plausible downside scenario has also been modelled, applying severe but plausible assumptions to the Base Case. This scenario assumes all sales channels, including own stores, online, wholesale and licence income, are further disrupted throughout the 12 month going concern period. Further, this scenario assumes a two-month lockdown in December 2021 and January 2022, with a gradual recovery in the months that follow. The Severe but Plausible scenario does not assume any deterioration in margins and only assumes that directly attributable variable costs are reduced, with all remaining costs in line with the Base Case. Within the 12 month going concern period, this translates to total turnover that is +23% and -32% against the same period in 2021 and 2020. Under the Severe but Plausible scenario, the Group has adequate liquidity and covenant headroom throughout the going concern period.

In addition, the Directors have performed a Reverse Stress Test, applying further downside trade reductions to the Severe but Plausible scenario to demonstrate the value of lost sales until financial covenants within the facility signed 24 May 2021 are breached. Liquidity under the facility is adequate, even under the Reverse Stress Test. In addition to the trade reductions described below, this scenario considers the year-to-date performance as at the date of the assessment and a reduction to directly attributable variable costs associated with a reduction in turnover. If such a downside scenario were to materialise, the Directors would consider significant cost savings initiatives around areas such as central and head office payroll, overhead expenditure, marketing costs, rents, warehousing costs and professional fees. However for the purpose of this analysis, none of these cost saving efforts are included within the modelling. In the Reverse Stress Test, trade reductions have been gradually applied to all sales channels during the 12 month going concern period. Store, wholesale and licence income reductions of up to 20% and online reductions of up to 10% have been applied against the Severe but Plausible scenario. Within the 12 month going concern period, this translates to total turnover that is +11% and -39% against the same period in 2021 and 2020. In the Reverse Stress Test, the quarterly financial covenant reported in April 2022 would be the only one impacted during the going concern assessment period, allowing the Directors time to take appropriate actions if there are early signs of a prolonged reduction in trade.

As a result of the above analysis, the Directors have concluded that the Group has sufficient financial resources to continue in operation and meet its obligations as they fall due for the 12 months from the date of approval of these financial statements.

b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 30 January 2021. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the ventures' unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost.

The consolidated financial statements include the Group's share of the total recognised income and expense and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discounted except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

c) Business combinations

Acquisitions are accounted for using the acquisition method of accounting. The cost of an acquisition is the aggregate of the fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued at the date of acquisition. The consideration transferred includes the fair value of the asset or liability resulting from a deferred or contingent consideration arrangement, unless that arrangement is dependent on continued employment of the beneficiaries. Costs directly relating to an acquisition are expensed to the income statement. The identified assets and liabilities and contingent liabilities are measured at their fair value at the date of acquisition. The excess of cost of acquisition over the aggregate fair value of the Group's share of the net identified assets plus identified intangible assets is recorded as goodwill.

d) Foreign currency

The consolidated financial statements are presented in Pounds Sterling, which is the Company's presentation currency.

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to functional currency at foreign exchange rates ruling at the dates the values were determined.

Exchange differences arising from a monetary item receivable from or payable to a foreign entity, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Sterling at average foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation since the transition date are recognised directly in a separate component of equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

e) Revenue recognition

Revenue represents amounts receivable for goods provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. The Group also obtains revenue through licences issued to third parties to produce and sell goods using the "Ted Baker" brand name, for which a royalty is received.

Retail revenue is recognised when a Group entity sells a product to a customer. Wholesale revenue is recognised when title has passed in accordance with the individual terms of trade. For retail and wholesale revenue, the primary performance obligation is the transfer of goods to the customer. For retail revenue, this is considered to occur when control of the goods passes to the customer. For store retail revenue, control transfers when the customer takes possession of the goods in store and pays for the goods. For eCommerce retail revenue, control is considered to transfer when the goods are delivered to the customer. The timing of transfer of control of the goods in wholesale transactions also depends upon the terms of trade in the contract. Principally for wholesale revenue, revenue is recognised either when goods are despatched from the Group's distribution centres, or when the Group has delivered the goods to the location specified in the contract.

The Group sells retail products with the right of return and historic levels of experience is used to estimate and provide for the value of such returns at the time of sale when considered significant. Credit notes or exchanges are available to customers returning unwanted products with proof of purchase within 28 days for online purchases, and 30 days for in-store purchases (14 days in North America), of the date of purchase. Cash refunds are available to customers returning unwanted products with proof of purchase within 14 days of the date of purchase. Due to the pandemic, during periods of store closures, the eligible returns period for the UK was extended to allow customers 30 days following the reopening of stores to return any unwanted items bought from week 46 onwards.

The Group has two classes of contractual licences (or licence partners): product and territorial. Under the terms of the product licence contract, the Company licences the brand name "Ted Baker" to licence partners, and in return receives a royalty based on a contractually specified percentage of sales of the product over the contract period. Under the terms of the contract, the Company typically receives a minimum royalty which is invoiced quarterly in advance and is recognised in the consolidated income statement on a straight-line basis as licence income over the period of the invoice. Any additional royalties due are accrued as earned based on sales statements received from product licence partners.

Territorial licence partners operate retail stores in overseas locations where the Group typically does not have a geographical presence. The Group sells inventory to the licence partner at a contractually specified profit margin, and these sales are recognised as wholesale revenue. In some territories, the Group receives a royalty for use of the brand name by the territorial partner. The royalty earned is similar to that for product licences, i.e. a fixed contractual minimum royalty and a variable amount based on sales of the territorial partner, with the royalty being recognised as licence income in the consolidated income statement. The fixed minimum royalty is recognised in the consolidated income statement on a straight-line basis over the period of the invoice, and the variable amount is accrued as earned based on sales of the territorial partner.

Accrued income is from licence income earned but not billed in the period. There is only one performance obligation for licence income and that is the contractual use of the brand name in return for a royalty fee.

Sales of gift vouchers are treated as future liabilities, and revenue is recognised when the gift vouchers are redeemed against a later transaction.

f) Pension costs

Contributions payable to defined contribution schemes in respect of pension costs and other post-retirement benefits are charged to the consolidated income statement in the period to which they relate. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

g) Share-based payments

The Group operates an equity-settled share-based compensation plan.

Share options and conditional share awards

Share options granted under the Sharesave scheme are measured at fair value at the date of grant using the Black-Scholes pricing model. Share options granted under the Ted Baker plc Long-Term Incentive Plan and the Ted Baker Incentive Plan are measured at fair value at the date of grant using the Monte-Carlo pricing models. The pricing models take into account the terms and conditions of the options/awards vesting. The grant date fair value is expensed on a straight-line basis over the vesting period (i.e. the period in which the employees become unconditionally entitled to share options/awards) based on an estimate of shares that will eventually vest.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

h) Derivatives

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of foreign currency and interest rate derivatives which are designated as effective hedges of future cash flows are recognised in equity in the cash flow hedging reserve and remain there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs.

Changes in the fair value of foreign currency derivatives which are ineffective or do not meet the criteria for hedge accounting are recognised in the income statement.

i) Taxation

Corporation tax payable is recognised on taxable profits using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax is not recognised for temporary differences relating to investments in subsidiaries to the extent they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Income tax comprises current and deferred tax.

j) Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group and Company financial statements in the period in which it is declared. For the Company, dividend income from Group undertakings is recognised in the income statement and in the cash flow statement within operating cash flows.

k) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Assets acquired as part of a business combination are recognised at fair value.

Expenditure on development activities is capitalised if the product is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Key money is a deposit held by landlords on taking out a lease which is refundable and is not amortised. Other intangible assets are amortised from the date they are available for use. The useful life over which the reacquired right is amortised in the post-combination period is based on the remaining contractual term of two years, without considering any contractual renewals. The estimated useful lives are as follows:

Key money:	No amortisation charged.
Computer software:	Three to ten years.
Computer software under development:	Assets under development are stated at cost less transfers to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred.
Reacquired right:	Two years.

l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset on the following bases:

Freehold land:	Not depreciated.
Freehold buildings:	Straight line over 50 years.
Leasehold improvements:	Straight line over the shorter of the period of the unexpired term of the lease or the useful economic life of the improvement.
Fixtures, fittings and office equipment:	20% to 25% per annum on a straight-line basis apart from computer equipment, which is 33% per annum on a straight-line basis or over the expected useful economic life of the asset.
Motor vehicles:	25% per annum on a straight-line basis over the expected useful economic life of the asset.
Assets under construction:	Assets in the course of construction are stated at cost less transfers to completed assets when substantially all of the activities necessary for the asset to be ready for use have occurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

m) Leases

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities at the lease commencement date, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate and this rate is determined on a portfolio basis, in relation to asset type and location. Judgement is used in determining the incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated balance sheet. Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a renewal or purchase option is reasonably certain to be exercised or a break clause is reasonably certain not to be exercised. Where a lease contract is modified, and the lease modification is not accounted for as a separate lease, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Where renewal discussions on a lease extension are on-going with the landlord at the lease expiry date, the expired lease is treated as a disposal and the new lease, after agreement and finalisation, is treated as an addition.

Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities adjusted for any lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, adjusted for certain re-measurements of the lease liabilities. Depreciation is calculated on a straight-line basis over the expected useful economic life of a lease which is taken as the lease term.

A sale and leaseback transaction is where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the counterparty. A sale is recognised when control of the underlying asset passes to the counterparty. The asset sold is derecognised and a lease liability and right-of-use asset recognised in relation to the lease. The right-of-use asset arising from the leaseback is measured by reference to the proportion of the previous carrying amount of the asset that relates to the right of use retained. Any gain or loss arising on the transaction is recognised in the income statement and relates to the rights transferred to the counterparty.

n) Impairment of property, plant and equipment, right-of-use assets and intangible assets

Assets that are subject to depreciation or amortisation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Recoverable amounts for cash-generating units are based on value in use, which is calculated from cash flow projections using data from the Group's budget and three-year plan, which are approved by the Board.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in margins. Management use a pre-tax discount rate derived from the Group's adjusted weighted average cost of capital. Internal forecasts reflect the market assessment and risks specific to the cash-generating units as at the period end date, as considered in the budgets and forecasts approved by the Board. The discount rates used were 15.4% for the UK, 15% for Europe, 17.7% for US and 17.5% for Canada. Changes in selling prices and direct costs are based on past experience and expectations of future changes in the market.

Impairment losses are recognised in the income statement. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but so that the increased carrying value does not exceed the carrying value that would have been determined if no impairment loss had been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the income statement immediately.

o) Investments

Investments in subsidiaries by the Company are shown at cost less accumulated impairment losses which are recognised in the income statement.

p) Inventories

Inventories and work in progress are stated at the lower of cost (or fair value if acquired as part of a business combination) and net realisable value. Cost includes invoice cost from suppliers and inward transportation costs, including freight and duty costs, incurred in bringing the inventories to the distribution centres. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability. The provision is calculated on projected forward sales based on retail season.

q) Trade and other receivables

Trade and other receivables are carried at original invoice amount (which is considered a reasonable proxy for fair value) and are subsequently held at amortised cost less provision for impairment. The provision for impairment of receivables is based on lifetime expected credit losses, under the simplified model. Lifetime expected credit losses are calculated by assessing historic credit loss experience, adjusted for factors specific to the receivable. The movement in the provision is recognised in the Group income statement. See note 16 for further information.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, amounts held by payment processors and overnight money market deposits.

s) 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 with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

t) Finance income and expenses

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

u) Segment reporting

A segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board to make decisions about resources to be allocated to a segment and assess its performance, and for which discrete financial information is available (see Note 2).

v) Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group. The Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

w) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x) Significant accounting judgements and estimates

The preparation of the consolidated Group and Company financial statements requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. 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. Actual results may differ from these estimates. The significant judgements applied in the preparation of the consolidated financial statements, along with 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 year, are discussed below.

Key sources of estimation uncertainty

In preparing these financial statements, the Directors have made judgements, estimates and assumptions that affect the application of Group's policies and reported amounts of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. The Directors consider the following to be the key sources of estimation uncertainty for the Group at the end of the current reporting period due to the risk of causing a material change to the carrying amount of assets and liabilities within the next year.

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Management performs an impairment review for each cash-generating unit (CGU) that has indicators of impairment.

The Directors consider an individual retail store (own stores which includes outlets) to be a CGU, and perform an impairment review if the following impairment triggers are all met: (i) net book value of the CGU's assets (comprising of fixtures and fittings, leasehold improvements, IT equipment, and the right-of-use asset), is greater than £0.25m (2020: £0.25m), (ii) cash contribution for the CGU is less than 10%, and (iii) the store is outside of a grace period, as stores may be loss making for an initial period of time after opening. For stores within the UK, the grace period is two years, and for stores outside of the UK, the grace period is three years as the brand is less established in those markets. During the current year, as a result of the uncertainties arising from Covid-19, management have decided to perform impairment reviews on all stores and override the impairment exemptions for the grace period and cash contribution exemptions

When a review for impairment is conducted, the recoverable amount of an asset or CGU is determined based on value-in-use calculations using the Board approved budget and three-year plan at the period end date and are discounted using the weighted average cost of capital. Forecasts beyond the three-year time period are based on expected GDP rates of growth, with shorter term variations for industry trends and business initiatives, but in the longer term falling back to expected GDP rates, whilst still reflecting the industry trends of declining in bricks and mortar sales offset by a rise in eCommerce. Management's assumptions and estimates, based on the remaining lease length of each store, are used in the value-in-use calculation for store CGUs. Future events could cause the forecasts and assumptions used in impairment reviews to change with a consequential adverse impact on the results and net position of the Group as actual cash flows may differ from forecasts and could result in further material impairments in future years. If the discount rates used were increased by 5%, an additional impairment charge of £1.8m would be recognised. A 5% decrease in the discount rate would reduce the impairment charge by £0.7m. A 10% reduction in sales, without any management mitigating actions, would increase the impairment charge by £8.7m.

Carrying amount of inventories

The carrying value of inventory is recorded at the lower of cost and net realisable value. Management calculates inventory provisions based on forecast sales of stock by season during its lifecycle in determining the level and rates of provisioning required to calculate the net realisable value. Sales in the fashion industry can be volatile with consumer demand changing significantly based on trends. Accordingly, there is a risk that the cost of inventory can exceed its net realisable value, with provisioning adjustments being made given management's knowledge and experience, and assumptions around consumer demand, fashion trends and macroeconomic factors. Inventory is classified by season, by year, with two seasons per year i.e. spring/summer and autumn/winter. The provisioning policy is based on reviewing the current physical stock on hand by season and forward forecasting the expected terminal stock value after two years, reflecting the expected sales levels in all channels. At that point in time, the provision is calculated, based on the net realisable value of the estimated inventory on hand at that point. The key estimate made under the provisioning policy is the forecast sales by season by channel of inventory on hand at the period end over the next two years. Future events could cause the forecasts and assumptions used to change with a consequential adverse impact on the results and net position of the Group as actual sales may differ from forecasts. This could result in further material adjustments in future years. A 5% increase change in sales would reduce the provision by £2.1m, and a decrease in sales of 5% would increase the provision by £2.1m.

Taxation
Deferred tax assets are recognised to the extent it is probable that future taxable profits (including the future release of deferred tax liabilities) will be available, against which the deductible temporary differences can be utilised, based on management's assumptions relating to the amounts and timing of future taxable profits. Estimates of future profitability on an entity basis are required to ascertain whether it is probable that sufficient taxable profits will arise to support the recognition of deferred tax assets relating to the corresponding entity.

Onerous contract provision
In the period £2.0m has been provided in relation to onerous contracts in relation to materials held by suppliers for cancelled purchase orders due to the Covid-19 pandemic. This is management's best estimate of the unavoidable costs in meeting their obligations under these contracts.

Dilapidations provisions
Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. Management use judgement in determining if a provision is required against a leasehold and the cost to be provided based on the floor area based on previous leasehold exits and external estimates of restoration costs.

Recoverability of trade receivables
Estimates are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. See note 16 for further information.

Judgements made in applying accounting policies
APMs – Non-underlying items
Non-underlying items are separately reported within their relevant income statement line as the Directors believe that this helps provide a better indication of the underlying performance of the Group. These measures are consistent with how business performance is measured internally by the Board and Operating Committee. The profit before tax and non underlying items measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies. The classification of adjusting items requires significant management judgement after considering the nature and intentions of a transaction. Judgement is required in determining whether an item should be classified as non-underlying or included within underlying results. This assessment covers the nature, the materiality and the recurrence of the item on reported performance. Reversals of previous non-underlying items are assessed based on the same criteria. Further detail is provided below in Note 3.

Leases
Management exercises judgement in determining the lease term of its lease contracts. Within its lease contracts, break options are included to provide operational and financial security should store performance be different to expectations. In determining the lease term for contracts that have options to extend or terminate early, management has applied judgement in determining the likelihood of whether such options will be exercised. This is based on the length of time remaining before the option is exercisable, performance of the individual store and the trading forecasts. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the options to renew (e.g. a change in business strategy). Any reassessment of the lease term will be reflected in a recalculation of the lease liability and respective right-of-use asset.

The application of IFRS 16 requires judgement around the calculation of the IBR. This is determined by grouping similar leases together and applying an IBR rate for the group, based on right-of-use assets in a similar economic environment and taking into account the risk-free rate, adjusted for factors such as credit rating and lease term.

Impairment of property plant and equipment and right-of-use assets
Not normally subjecting stores to impairment whilst they are in their grace period is a judgement made by the Group. In the decision to impair or not, stores within their grace period as set out earlier are not impaired, as the brand is less established in those markets and stores may be loss making for an initial period of time after opening. In addition, a judgement is made that stores with a cash contribution greater than 10% do not require impairments. These judgements have been informed by the Group's past experience and developed over time. During the current year, as a result of the uncertainties arising from Covid-19, management have decided to perform impairment reviews on all stores and override the impairment exemptions for the grace period and cash contribution exemptions.

Impairment of investments in subsidiary undertakings, joint ventures and associated debtor balances
Management review the carrying value of the investment in subsidiary undertakings and joint ventures for impairment in accordance with IAS 36. Judgement is used in assessing whether there has been a trigger event showing a potential decline in the value of the investment. These may include evidence of financial difficulty or significance in underperformance against expectations, or potential restrictions in its local market. If such a trigger is identified, a review for impairment is conducted, with the recoverable amount of the asset being determined based on value-in-use calculations using approved forecasts/budget at the period end date and discounted using the weighted average cost of capital. The future forecasts are inherently judgmental, and the key sensitivity includes achieving the growth rates for a particular region or branch and relevant to the specific market. A change in these assumptions will impact the future forecasts and management's assessment of the profitability of each entity/CGU. Intercompany receivables and amounts due from joint ventures are also reviewed for investments. The surplus of the net asset investment over the value-in-use calculation is compared to the outstanding receivable and a provision is made for any shortfall.

During the current year, as a result of the uncertainties arising from Covid-19, management have decided to perform impairment reviews on all group investments in subsidiaries and a recoverability assessment on associated debtor balances.

Further significant loan loss and impairment charges may be recorded in the future dependent on actual performance compared to the Group's Plan.

y) Changes in accounting estimates, errors or misstatements

Changes in accounting estimates

In the prior accounting period, our inventory accounting basis of estimating inventory cost included certain logistics and freight costs in getting stock from the distribution centre to its final location. The Directors now believe that this basis of estimating is not suitable due to an increasingly multi-channel business in which purchases may reach the consumer through a variety of different routes. As a result of these changes, the estimation of costs relating to this has become less reliable. The amount capitalised in respect of these costs at 26 January 2020 was £6.1m which has been expensed in the current period with no similar amounts capitalised in the 53 weeks ended 30 January 2021.

Flagship stores

In previous accounting periods flagship stores were considered corporate assets and were considered to support the wider business in the geographic territory in which that store was located. The Directors now believe that this treatment is not suitable due to an increasingly multi-channel business which has reduced the significance of flagship stores. Therefore, the impairment estimation basis has been revised in the current period to align it with the remainder of the store portfolio. This has resulted in an impairment in the period of £1.9m.

IFRS 16 – rent concessions

The Group has applied the practical expedient for the application of rent concessions provided as a response to the Covid-19 pandemic, as allowed by the amendment to IFRS 16. The Group has applied the practical expedient to all its leases within Europe that meet the criteria set out in the amendment. The Group has not applied the practical expedient to concessions in the rest of world. £0.4m has been recognised in the income statement in the period to reflect these lease concessions to which the practical expedient has been applied.

Errors or misstatements

IFRS 16 prior year adjustments identified in the current year

- *Incorrect classification of lease incentives – £13.3m*

  During the prior period £10.2m of creditor balances relating to lease incentives were taken to reserves as an IFRS 16 adjustment, when they should have been offset against the right-of-use asset for the lease they relate to. In addition, £3.1m of lease incentives were held in other creditors at transition, when they should have been offset against the right-of-use asset for the lease they relate to.

  Accordingly, £13.3m has been corrected retrospectively by restating the right-of-use asset, other creditors has been restated by £3.1m and retained earnings by £10.2m on the balance sheet as at 25 January 2020. There was no impact on earnings for the period or EPS.

- *Incorrect impairment of assets – £2.2m*

  At 25 January 2019 the impairment of right-of-use assets was overstated as a result of the above incorrect classification.

  Accordingly, the £2.2m impact has been corrected retrospectively by restating the income statement for the period to 25 January 2020 and the corresponding increase to right-of-use assets and retained earnings.

Tangible and intangible fixed assets prior year adjustment identified in the current year

- In prior years, computer software with a cost of £8.4m and related accumulated depreciation of £3.7m was incorrectly shown as part of tangible fixed assets. Subsequent depreciation charges in respect of this computer software were expensed against intangible fixed assets. At 26 January 2019 and 25 January 2020, these assets were fully depreciated and no longer in use. To correct this error, tangible fixed assets have been restated by cost of £8.3m and depreciation of £3.7m in note 12 and by restatement of depreciation of £4.7m in intangible fixed assets in note 11 to correct this mis-classification at 26 January 2019 and 25 January 2020.

Inventory adjustments identified in the prior year

- *Adjustments to the carrying amount of inventory at 26 January 2019 – £20.2m*

  As previously described in the Annual Report 2020, in December 2019 the Group identified that the value of inventory held on its balance sheet at that time had been overstated following an internal review. As a result of these findings, the Group engaged Deloitte LLP to undertake an independent review of this issue.

  Following the conclusion of Deloitte's review and the completion of the year-end process and audit, the Group restated the balance of inventory at 26 January 2019 from £225.8m to £205.6m, a £20.2m restatement. The restatement was due to inappropriate cost values being attributed to inventory, inventory reflected on the balance sheet which did not physically exist and intercompany profit in stock that was not adjusted for in previous calculations.

The treatment for the items identified from the inventory review were classified as changes in accounting estimates or errors or misstatements, and is governed by IAS 8 'Accounting policies, changes in accounting estimates and errors'.

- *Stock that did not physically exist – £6.5m*

  The adjustments primarily related to inventory held in system locations that were not subject to inventory counts and were not written off despite not physically existing. These balances primarily arose as stock were moved between warehouses, between retail and outlet stores and warehouses over seasons, and due to weaknesses in the control environment over those moves and stock locations.

- *Adjustments to correct calculations – £13.7m*

  Adjustments were identified to correct calculations, including to correct for the capitalisation of duties that should not have been capitalised to inventory, and to eliminate parts of intercompany profit in stock that was not adjusted for in previous calculations.

In addition, the Group reviewed its approach to estimating the carrying value of stock and adopted a more prudent methodology which resulted in a £32.4m reduction in stock value, being accounted for as a change in estimate booked as a non-underlying expense in the income statement for the 52 weeks ended 30 January 2020. The Group also changed its stock provisioning policy from one based on provisioning against seasons to one based on forward forecasting the expected terminal stock value at the point at which the stock has traded through its expected lifecycle of two years. The impact of the increase in the obsolescence provision of £13.5m was included within non underlying costs.

z) Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate which reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

aa) Government schemes

Grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Grants that are receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

ab) Alternative performance measures

In the reporting of financial information, the Group uses certain measures that are not separately disclosable under IFRS or the Companies Act. The Directors believe that these additional measures, which are used internally, are useful to the users of the financial statements in helping them understand the underlying business performance. Non-underlying items are those items which, in the opinion of the Directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of the Group's ongoing business and are considered by the Directors to be significant. The Directors also exclude foreign exchange gains and losses on the translation of intercompany monetary assets and liabilities denominated in foreign currencies.

Non-underlying items are added back/deducted to derive certain alternative performance measures as follows:

- profit attributable to the owners of the Company, to arrive at underlying earnings per share (after the tax effect of non-underlying items); and
- profit before tax, to arrive at profit before tax and non-underlying items.

The Directors believe the alternative performance measures presented along with comparable GAAP measurements is useful to provide information with which to measure our performance, and our ability to invest in new opportunities. Management uses these measures with the most directly comparable GAAP financial measures in evaluating our operating performance and value creation. Alternative financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP. The requirements for identifying non-underlying items are on a consistent basis each period and presented consistently, and a reconciliation of profit before tax and non-underlying items to profit before tax is included in Note 3 to the financial statements.

The profit before tax and non-underlying items and underlying earnings per share are not recognised measures under IFRS and may not be directly comparable with adjusted profit and earnings per share measures used by other companies (see Note 9).

Constant currency comparatives are obtained by applying the exchange rates that were applicable for the period ended 25 January 2020 to the financial results in overseas subsidiaries for the 53 weeks ended 30 January 2021 to remove the impact of exchange rate fluctuations.

2 SEGMENT INFORMATION

The Group has three reportable segments: retail, wholesale and licensing. For each of the three segments, the Executive Committee (considered to be the Chief Operating Decision Maker) reviews internal management reports on a four-weekly basis.

The accounting policies of the reportable segments are the same as those used in the preparation of the group financial statements. Information regarding the results of each reportable segment is included below. Performance for the retail segment is measured based on operating contribution, whereas performance of the wholesale segment is measured based on gross profit and performance of the licensing segment is measured based on royalty income, as included in the internal management reports that are reviewed by the Board.

Segment results before non-underlying items are used to measure performance as management believes that such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

a) Segment revenue and segment result

53 weeks ended 30 January 2021	Retail £'000	Wholesale £'000	Licensing £'000	Total £'000
Revenue	254,256	85,278	12,449	351,983
Cost of sales	(108,102)	(53,169)	–	(161,271)
Gross profit before non-underlying items	**146,154**	**32,109**	**12,449**	**190,712**
Operating costs	(165,458)	–	–	(165,458)
Operating (loss)/contribution before non-underlying items	**(19,304)**	**32,109**	**12,449**	**25,254**
Reconciliation of segment result to loss before tax				
Segment result before non-underlying items	**(19,304)**	**32,109**	**12,590**	**25,254**
Other operating costs	–	–	–	(81,421)
Other operating income	–	–	–	6,488
Operating loss before non-underlying items				**(49,679)**
Finance income	–	–	–	399
Finance expense	–	–	–	(8,745)
Share of losses from joint ventures	–	–	–	(1,136)
Loss before tax and non-underlying items				**(59,161)**
Non-underlying items before tax	–	–	–	(48,568)
Loss before tax				**(107,729)**
Capital expenditure	3,432	–	–	3,432
Unallocated capital expenditure	–	–	–	3,549
Total capital expenditure				**6,981**
Additions to right-of-use assets	–	–	–	9,229
Total capital expenditure and additions to right-of-use assets				**16,210**
Depreciation and amortisation	(7,493)	(206)	–	(7,699)
Unallocated depreciation and amortisation	–	–	–	(26,763)
Depreciation of right-of-use assets	–	–	–	(20,393)
Total depreciation and amortisation				**(54,855)**
Segment assets	239,491	75,630	–	315,121
Property, plant and equipment – central	–	–	–	2,279
Intangible assets – central	–	–	–	34,491
Deferred tax assets	–	–	–	27,635
Income tax receivable	–	–	–	7,983
Inventories – central	–	–	–	3,107
Cash – central	–	–	–	2,344
Other receivables central	–	–	–	609
Unallocated assets[1]	–	–	–	5,689
Total assets				**399,258**
Segment liabilities	(214,035)	(28,341)	–	(242,376)
Central liabilities	–	–	–	(1,045)
Current tax payable	–	–	–	(2,607)
Unallocated liabilities[2]	–	–	–	(1,194)
Total liabilities				**(247,222)**
Net assets				**152,036**

1 Other assets include prepayments, derivatives and central allocations of inventory, cash and cash equivalents and other receivables.

2 Other liabilities include derivatives and central allocations of trade and other payables and borrowings.

2 Segment Information continued

52 weeks ended 25 January 2020 (Restated)[3]	Retail £'000	Wholesale £'000	Licensing £'000	Total £'000
Revenue	439,941	171,536	19,001	630,478
Cost of sales	(176,520)	(103,199)	–	(279,719)
Gross profit before non-underlying items	**263,421**	**68,337**	**19,001**	**350,759**
Operating costs	(232,175)	–	–	(232,175)
Operating contribution before non-underlying items	**31,246**	**68,337**	**19,001**	**118,584**
Reconciliation of segment result to profit before tax				
Segment result before non-underlying items	**31,246**	**68,337**	**19,001**	**118,584**
Other operating costs	–	–	–	(100,294)
Other operating income	–	–	–	144
Operating profit before non-underlying items	**–**	**–**	**–**	**18,434**
Finance income	–	–	–	138
Finance expense	–	–	–	(12,565)
Share of losses from joint ventures	–	–	–	(1,229)
Profit before tax and non-underlying items	**–**	**–**	**–**	**4,778**
Non-underlying items before tax	–	–	–	(82,403)
Loss before tax				**(77,625)**
Capital expenditure	13,610	515	–	14,125
Unallocated capital expenditure	–	–	–	11,698
Total capital expenditure	**–**	**–**	**–**	**25,823**
Additions to right-of-use assets	–	–	–	12,473
Total capital expenditure and additions to right-of-use assets				**38,296**
Depreciation and amortisation	(14,394)	(595)	–	(14,989)
Unallocated depreciation and amortisation	–	–	–	(13,911)
IFRS 16 Depreciation	–	–	–	(38,048)
Total depreciation and amortisation				**(66,948)**
Segment assets	326,703	94,513	–	421,216
Property, plant and equipment – central	–	–	–	67,996
Intangible assets – central	–	–	–	42,603
Right-of-use assets – central	–	–	–	21,347
Deferred tax assets	–	–	–	17,638
Income tax receivable	–	–	–	2,343
Investment in equity accounted investee	–	–	–	5,088
Amounts due from equity accounted investee	–	–	–	4,462
Other assets[1]	–	–	–	7,202
Total assets				**589,895**
Segment liabilities	(333,557)	(75,989)	–	(409,546)
Lease liability – central	–	–	–	(29,665)
Deferred tax liability	–	–	–	(3,588)
Other liabilities[2]	–	–	–	(6,423)
Total liabilities				**(449,222)**
Net assets				**140,673**

1 Other assets include prepayments, derivatives and central allocations of inventory, cash and cash equivalents and other receivables.

2 Other liabilities include derivatives and trade and other payables and borrowings.

3 Details of the restatement can be found in Note 1y).

2 Segment Information continued

b) Geographical information

	UK £'000	US £'000	Rest of the World[2] £'000	Total £'000
53 weeks ended 30 January 2021				
Revenue	215,756	102,787	33,440	351,983
Non-current assets[1]	136,641	16,214	3,604	156,459
52 weeks ended 25 January 2020 (Restated)[3]				
Revenue	360,281	194,599	75,598	630,478
Non-current assets[1]	194,550	65,057	48,708	308,315

1 Non-current assets exclude deferred tax assets and investment in associates.
2 Rest of the World includes Europe, Canada, Asia (up to disposal) and South Africa.
3 More details of the restatement are shown in note 1y).

c) Revenue by collection[1]

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Menswear[1]	119,790	241,098
Womenswear[1]	219,744	370,379
	339,534	**611,477**

1 Revenue by collection includes retail and wholesale revenue and excludes licence income.

d) Retail revenue

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Stores	109,402	321,214
eCommerce	144,854	118,727
	254,256	**439,941**

3 LOSS BEFORE TAX

Loss before tax is stated after charging/(crediting):

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 (Restated)[1] £'000
Depreciation and amortisation[2]	53,109	64,527
Non-underlying items (further detail below)	48,568	82,403
Leasehold properties:		
Variable rental payments[3]	1,728	5,429
Concessions:		
Minimum contract payments[3]	3,621	9,235
Variable rental and commission payments[3]	39,325	36,222
Loss on sale of property, plant and equipment and intangibles	933	447
Practical expedient on IFRS 16 application	(361)	–
Government schemes[4]	(10,545)	–
Close out of foreign exchange hedge contracts	(6,916)	–
Gain on lease modifications	(2,992)	–
Auditors' remuneration:		
Audit of these financial statements	150	20
Amounts receivable by the Company's auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	754	1,600
Interim financial statements review	130	20
Other statutory auditors	73	37
Other assurance services	–	17

1 The restatement relates to the prior year stock misstatement (see Note 1y)).
2 The Group has applied IFRS 16. Depreciation of right-of-use asset of £26,763,000 (2020: £34,048,000) has been included within £53,129,000 above (2020: £64,527,000). The depreciation charge above excludes the amortisation within Note 10 of the reacquired right of £1.7m (2020: £1.9m). 2020 also excludes £0.5m depreciation charge for the closure of the outlet store in Italy. These charges are included within non-underlying costs below.
3 Disclosed above are the variable rentals charged relating to leasehold properties and fixed and variable rentals charged in relation to concession arrangements. These are either fixed in nature or variable based on revenue levels for a particular store or concession, where relevant, including eCommerce sales with concession partners not meeting the definition of a lease under IFRS 16.
4 Support received from governments around the world to support businesses throughout the Covid-19 epidemic. Payments from the UK government for furloughed employees amounted to £8,460,000.

3 Loss Before Tax continued

Reconciliation of profit before tax to profit before tax and non-underlying items

	Notes	**53 weeks ended 30 January 2021 £'000**	52 weeks ended 25 January 2020 (Restated)[1] £'000
Loss before tax		(107,729)	(77,625)
Non-underlying items			
Included in cost of sales:			
Inventory changes in estimates	1	(6,065)	(32,351)
Change to inventory obsolescence provision	2	–	(13,539)
Onerous contract provision	3	(1,973)	–
Other		81	2,221
Included in gross profit		**(7,957)**	**(43,669)**
Included in distribution costs:			
(Loss) on disposal of business	4	–	(7,585)
Impairment of intangibles, property, plant and equipment and right-of-use assets	5	(45,303)	(13,969)
Other closure costs		–	(603)
Included in administrative costs:			
Acquisition costs and unwind of fair value accounting adjustments	6	(1,987)	(4,710)
Reorganisation, restructuring costs and other legal and professional costs	7	(11,415)	(7,852)
Included in other operating loss:			
Gain on sale and leaseback of head office	8	17,446	–
Included in operating loss		**(49,216)**	**(78,388)**
Included in share of post-tax profits from joint venture:			
Unwind of fair value adjustments		(7)	(989)
Included in finance income/(expense):			
Foreign exchange on the translation of monetary assets and liabilities denominated in foreign currencies	9	655	(3,026)
Non-underlying items		**(48,568)**	**(82,403)**
(Loss)/profit before tax and non-underlying items		**(59,161)**	**4,778**

Notes

1 Further details surrounding the changes in accounting estimates for inventory can be found in Note 1y).

2 Changes to inventory obsolescence provision are detailed in note 1y).

3 Details of the onerous contract provision can be found in note 1y).

4 In the prior period the Group reorganised operations in Asia (Hong Kong, China and Japan), which resulted in a loss on disposal.

5 The Group impaired a number of assets resulting in a charge of £45.3m (2020: £14.0m), including key money, leasehold improvements and right-of-use assets.

6 Charges in the current and prior period relate to amortisation of reacquired rights, fair value and accounting adjustments in relation to the acquisition of the footwear business in financial year 2019.

7 A number of costs were incurred during the year, relating to the restructuring and reorganisation of the business. These include:
   a. £3.7m (2020: £nil) for redundancy costs
   b. £5.3m (2020: £2.2m) for restructuring costs
   c. £Nil (2020: £2.7m) for stock investigation
   d. £Nil (2020: £1.4m) for investigations into the allegations of misconduct of the former CEO
   e. £2.5m (2020: £1.6m) for other legal and professional fees.

8 Relates to the sale of the corporate head office building.

9 Foreign exchange loss on re-translation of intercompany balances denominated in foreign currencies.

[1] More details of the restatement are shown in note 1y).

4 OTHER OPERATING INCOME AND EXPENSES

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Close out of foreign exchange hedge contracts	6,916	–
Gain on sale and leaseback of head office	17,446	–
Other	505	591
	24,867	591
Loss on disposal of fixed assets	(933)	(447)
	23,934	**144**

The close out of foreign exchange hedge contracts is the gain from the early termination of forward contracts during the year that were taken out to hedge the purchase of inventory. These inventory orders were cancelled and as a result the contracts were no longer required. The company took advantage of the favourable sterling dollar exchange rate at the time to close the contracts and record a gain.

A net gain of £17.4 million on the sale and leaseback transaction of UBB has been recorded as the Group sold UBB and immediately reacquired the use of the asset by entering into a lease with the landlord. The head office property has been derecognised on completion of the sale and a lease liability and right-of-use asset recognised in relation to the leaseback.

5 FINANCE INCOME AND EXPENSES

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Finance income		
– Interest receivable	94	138
– Foreign exchange gains	960	–
	1,054	**138**
Finance expenses		
– Interest payable	(1,964)	(4,256)
– Interest on lease liabilities	(6,781)	(8,309)
– Foreign exchange losses	–	(3,026)
	(8,745)	**(15,591)**

6 STAFF NUMBERS AND COSTS

The average number of employees (including Executive Directors) was:

	53 weeks ended 30 January 2021 Number	52 weeks ended 25 January 2020 Number
Sales	1,910	2,800
Design	63	77
Administration	624	745
	2,596	**3,622**

	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	57,147	91,162
Share-based payment charge	1,204	225
Social security costs	6,515	9,563
Pension costs	1,412	2,230
	66,278	**103,180**

The remuneration figures above are shown net of £10,545,000 received under government Covid support schemes.

Directors' remuneration

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Executive Directors' remuneration	857	734
Non-Executive Directors' remuneration	432	358
Company contributions to Executive Directors' money purchase pension plans	22	55

The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest paid Director was £591,000 (2020: £398,000).

No amounts were paid in relation to pension contributions to a money purchase scheme during the period ended 30 January 2021 or the period ended 25 January 2020. Payments in lieu of pension were made to Rachel Osborne and David Wolffe during the period totalling £13,639 (2020: £5,161) and £7,865 (2020: £nil).

7 INCOME TAX EXPENSE

a) The tax charge comprises:

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Current tax		
United Kingdom corporation tax	(180)	–
Overseas tax	(1,275)	1,804
Deferred tax		
United Kingdom corporation tax	(7,129)	(4,152)
Overseas tax	(10,737)	(5,430)
Prior period under/(over) provision		
Current tax	(6,113)	(414)
Deferred tax	4,150	(1,247)
	(21,284)	**(9,439)**

b) Current year deferred tax movement by type

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Property, plant & equipment	5,306	1,024
Share-based payments	(3)	(25)
Losses	7,929	4,906
Inventory	147	329
Other	4,487	4,593
	17,866	**10,827**

c) Factors affecting the tax charge for the period

The tax assessed for the period is higher than the tax calculated at the UK prevailing corporation tax rate of 19%. The differences are explained below.

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Loss before tax	(107,729)	(79,856)
Loss multiplied by the standard rate in the UK – 19% (2020: standard rate in the UK of 19%)	(20,469)	(15,173)
Income not taxable/expenses not deductible for tax purposes	(3,847)	8,280
Overseas losses not recognised	5,313	4,402
Withholding tax expensed	505	–
Chargeable gain on disposal	3,299	–
Movement in current and deferred tax on share awards and options	180	35
Prior period over provision	(1,775)	(1,707)
Recognition of losses previously not recognised	(20)	(5,466)
Effect of rate change on deferred tax	166	(950)
Difference due to overseas tax rates	(4,636)	1,140
Total income tax credit	**(21,284)**	**(9,439)**

The tax charge for the current year includes a credit of £2,135,000 in respect of non-underlying items. This arises from deductible items, primarily in the UK, on the gain on sale and leaseback of the head office and IFRS 16 impairments.

d) Deferred and current tax recognised directly in equity

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Deferred tax (credit)/charge on share awards and options	(20)	25
Deferred tax (credit)/charge associated with movement in hedging reserve	(6)	(22)
Deferred tax (credit)/charge associated with foreign exchange movements in reserves	(587)	173
	(613)	**176**

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020 and this was substantively enacted on 17 March 2020.

As the deferred tax assets and liabilities should be recognised based on the corporation tax rate at which they are anticipated to unwind, the assets and liabilities on UK operations have been largely recognised at a rate of 19% (2020: 17%). Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as a result UK deferred tax balances as at 30 January 2021 continue to be measured at 19%. If all of the UK deferred tax was to reverse at the amended rate the impact to the closing deferred tax position would be to increase the deferred tax asset by £1.7 million.

8 PROFIT ATTRIBUTABLE TO TED BAKER PLC

The profit after tax for the 53 weeks ended 30 January 2021 of Ted Baker plc, the parent company, was £157,000 (2020: loss of £5,590,000). This included non-underlying costs of £nil (2020: £4,830,000) which related to various legal and professional costs disclosed in note 3. The profit after tax before non-underlying items for the 53 weeks ended 30 January 2021 was £157,000 (2020: loss of £1,703,000). The Directors have approved the income statement for the parent company.

9 DIVIDENDS PER SHARE

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Final dividend paid for prior period of nil p per ordinary share (2020: 40.7p)	–	18,138
Interim dividend paid of nil per ordinary share (2020: 7.8p)	–	3,477
	–	**21,615**

The Directors have temporarily suspended the dividend, and hence no final dividend is proposed for the period ended 30 January 2021.

10 EARNINGS PER SHARE

	53 weeks ended 30 January 2021 Number	52 weeks ended 25 January 2020 (Restated)[1] Number
Number of shares:		
Weighted number of ordinary shares outstanding	153,941,467	44,565,753
Effect of dilutive options[3]	5,293,825	48,391
Weighted number of ordinary shares outstanding – diluted	**159,241,292**	**44,614,144**
	£'000	£'000
Earnings:		
Loss for the period basic and diluted	(86,445)	(68,186)
Underlying (loss)/profit[2]	(40,012)	2,974
Basic loss per share	(56.2p)	(153.0p)
Underlying (loss)/earnings per share[2]	(26.0p)	6.7p
Diluted loss per share	(56.2p)	(153.0p)
Underlying diluted (loss)/earnings per share[2]	(26.0p)	6.7p

Due to the loss-making position at the year end, all potential ordinary shares are considered to be antidilutive.

1 More details of the restatement are shown in note 1y).

2 Underlying profit for the period and underlying earnings per share is shown before non-underlying items.. Non-underlying items net of tax were £46,433,000 (2020: £71,160,000).

3 Diluted earnings per share and adjusted diluted earnings per share have been calculated using additional ordinary shares of 5p each available under the Ted Baker Sharesave Scheme and the Ted Baker plc Long Term Incentive Plan 2013.

11 INTANGIBLE ASSETS

	Reacquired right £'000	Key money £'000	Computer software £'000	Computer software under development £'000	Total
Cost					
At 25 January 2020[1]	**3,781**	**617**	**55,607**	**2,879**	**62,884**
Additions	–	–	–	3,692	3,692
Transfers	–	–	5,057	(5,057)	–
Exchange rate movement	–	–	(154)	54	(100)
At 30 January 2021	**3,781**	**617**	**60,510**	**1,568**	**66,476**
Amortisation					
At 25 January 2020[1]	**2,035**	**–**	**13,885**	**–**	**15,920**
Charge for the period	1,746	–	13,509	–	15,255
Impairments	–	653	–	–	653
Exchange rate movement	–	(36)	(74)	–	(110)
At 30 January 2021	**3,781**	**617**	**27,320**	**–**	**31,718**
Net book value					
At 30 January 2021	–	–	33,190	1,568	34,758
At 25 January 2020	**1,746**	**617**	**41,722**	**2,879**	**46,964**

1 More details of the restatement are shown in note 1y).

	Reacquired right £'000	Key money £'000	Computer software (Restated) £'000	Computer software under development £'000	Total
Cost					
At 26 January 2019	3,781	633	47,957	4,147	56,518
Additions	–	–	–	6,368	6,368
Transfers	–	–	7,636	(7,636)	–
Exchange rate movement	–	(16)	14	–	(2)
At 25 January 2020	**3,781**	**617**	**55,607**	**2,879**	**62,884**
Amortisation					
At 26 January 2019	145	–	12,700	–	12,845
Prior period restatement[1]	–	–	(4,699)	–	(4,699)
At 26 January 2019 as restated	145	–	8,001	–	8,146
Charge for the period	1,890	–	5,876	–	7,766
Exchange rate movement	–	–	8	–	8
At 25 January 2020	**2,035**	**–**	**13,885**	**–**	**15,920**
Net book value					
At 25 January 2020	**1,746**	**617**	**41,722**	**2,879**	**46,964**
At 26 January 2019	**3,636**	**633**	**39,956**	**4,147**	**48,372**

1 More details of the restatement are shown in note 1y).

Amounts included within computer software relate to the Group's information technology and ERP systems and further development of our eCommerce platforms and other business systems. The computer software under development category is stated net of transfers to computer software. Internally capitalised costs amount to £nil (2020: £718,000).

Transfers from the computer software under development category in the period amounted to £5,057,000 (2020: £7,636,000) while additions into this category were £3,692,000 (2020: £6,368,000).

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Leasehold improvements £'000	Fixtures, fittings and office equipment (Restated) £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost						
At 25 January 2020[1]	57,973	126,687	104,871	111	1,524	291,166
Additions	–	–	–	–	3,289	3,289
Transfers	–	212	3,774	–	(3,986)	–
Write-offs	–	(3,240)	(3,988)	–	–	(7,228)
Disposals	(57,973)	(6,369)	(7,976)	(2)	–	(72,320)
Exchange rate movement	–	(1,539)	3	–	22	(1,514)
At 30 January 2021	**–**	**115,751**	**96,684**	**109**	**849**	**213,393**
Depreciation						
At 25 January 2020	1,827	84,441	82,060	108	–	168,436
Charge for the period	192	7,554	5,111	–	–	12,857
Write-offs	–	(3,037)	(3,866)	–	–	(6,903)
Disposals	(2,019)	(6,281)	(2,703)	1	–	(11,002)
Impairment	–	7,142	5,001	–	–	12,143
Exchange rate movement	–	(1,309)	(230)	–	–	(1,539)
At 30 January 2021	**–**	**88,510**	**85,373**	**109**	**–**	**173,992**
Net book value						
At 30 January 2021	**–**	**27,241**	**11,311**	**–**	**849**	**39,401**
At 25 January 2020	**56,146**	**42,246**	**22,811**	**3**	**1,524**	**122,730**

1 More details of the restatement are shown in note 1y).

Write-offs relate to assets no longer used in the business.

	Freehold land and buildings £'000	Leasehold improvements £'000	Fixtures, fittings and office equipment £'000	Motor vehicles £'000	Assets under construction £'000	Total £'000
Cost						
At 26 January 2019	57,973	129,351	101,743	111	3,248	292,426
Prior period restatement[1]	–	–	(8,384)	–	–	(8,384)
At 26 January 2019 as restated	**57,973**	**129,351**	**93,359**	**111**	**3,248**	**284,042**
Additions/transfers	–	6,828	14,624	–	(1,997)	19,455
Disposals	–	(9,788)	(2,802)	–	210	(12,380)
Exchange rate movement	–	296	(310)	–	63	49
At 25 January 2020	**57,973**	**126,687**	**104,871**	**111**	**1,524**	**291,166**
Depreciation						
At 26 January 2019	1,379	82,580	76,494	108	–	160,561
Prior period restatement[1]	–	–	(3,685)	–	–	(3,685)
At 26 January 2019 as restated	**1,379**	**82,580**	**72,809**	**108**	**–**	**156,876**
Charge for the period[1]	448	9,225	11,461	–	–	21,134
Disposals[2]	–	(8,385)	(2,421)	–	–	(10,806)
Impairment	–	744	537	–	–	1,281
Exchange rate movement	–	277	(326)	–	–	(49)
At 25 January 2020	**1,827**	**84,441**	**82,060**	**108**	**–**	**168,436**
Net book value						
At 25 January 2020	**56,146**	**42,246**	**22,811**	**3**	**1,524**	**122,730**
At 26 January 2019	**56,594**	**46,771**	**20,550**	**3**	**3,248**	**127,166**

1 More details of the restatement are shown in note 1y).

Transfers from the assets under construction category in the period amounted to £3,986,000 (2020: £1,997,000) while additions into this category were £3,289,000 (2020: £19,455,000).

Details on the impairment of property, plant and equipment is shown in Note 1.

13 INVESTMENTS (COMPANY)

a) Subsidiary undertakings

On 30 June 2020, the Group disposed of its wholly owned subsidiary Big Lobster Limited.

As at 30 January 2021 and 25 January 2020, the Company and Group had shares in the following subsidiary undertakings:

Subsidiary undertaking	Country of incorporation and operation	Address	Principal activity	Holding ordinary shares
No Ordinary Designer Label Ltd*	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Design, wholesale and retail of designer clothing and accessories	100%
Ted Baker Limited	US	1072 North State Street Ukiah, California 95482 USA	Retail and wholesale of designer clothing and accessories	100%
Ted Baker Canada Inc.	Canada	1959 Upper Water Street Halifax, Nova Scotia Canada B3J 3E5	Retail and wholesale of designer clothing and accessories	100%
Ted Baker (France) SARL	France	c/o Regus 9 Rue du 4 Septembre 75002 Paris France	Retail of designer clothing and accessories	100%
Ted Baker Spain S.L.	Spain	c/Arturo Soria 263B 28033 Madrid Spain	Retail of designer clothing and accessories	100%
Ted Baker Netherlands B.V.	The Netherlands	Leidsestraat 64 Amsterdam 1017PD The Netherlands	Retail of designer clothing and accessories	100%
Ted Baker Germany GmbH	Germany	c/o Regus Maximilianstraße 35 Eingang A 80539 Munich Germany	Retail of designer clothing and accessories	100%
Ted Baker Belgium N.V.	Belgium	Huidevettersstraat 42a 2000 Antwerpen Belgium	Retail of designer clothing and accessories	100%
Ted Baker Italy S.r.l.	Italy	Milano (MI) Via Michelangelo Buonarroti 39 Cap. 20145 Italy	Retail of designer clothing and accessories	100%
Ted Baker SA (Pty) Ltd	South Africa	Building 5 Inanda Greens Business Park, 54 Wierda Rd Westwierda Valley Sandton 2146 South Africa	Retail of designer clothing and accessories	100%
Ted Baker Japan KK	Japan	4-25-14, Jingumae Shibuya-Ku, Tokyo, Japan	Retail of designer clothing and accessories	100%
Little Lobster Limited	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Dormant	100%

*Held directly by Ted Baker plc.

13 Investments (Company) continued

Subsidiary undertaking	Country of incorporation and operation	Address	Principal activity	Holding ordinary shares
No Ordinary Shoes Limited	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Design, wholesale and retail of designer footwear	100%
No Ordinary Shoes USA LLC	US	1072 North State Street Ukiah, California 95482 USA	Wholesale of designer footwear	100%
Ted Baker Korea Yuhan Hoesa	Korea	Seoul Finance Center Level 21 136 Sejong-daero Jung-gu Seoul, Korea	Dormant	100%

At 25 January 2020, the Company and Group also had shares in the following subsidiary undertaking:

Subsidiary undertaking	Country of incorporation and operation	Address	Principal activity	Holding ordinary shares
Big Lobster Limited	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Property	100%

b) Subsidiary undertakings – cost and net book value

	Company £'000
At 25 January 2020	**25,203**
Increase in cost of investment for share options/awards granted to subsidiary employees	1,204
At 30 January 2021	**26,407**

	Company £'000
At 26 January 2019	24,978
Increase in cost of investment for share options/awards granted to subsidiary employees	225
At 25 January 2020	**25,203**

c) Investments in equity accounted investees

The Group has a 50% interest in the ordinary share capital of No Ordinary Retail Company Pty, a company incorporated in Australia through its wholly owned subsidiary, No Ordinary Designer Label Limited. The joint venture is represented by eight stores in Australia and one store in New Zealand (2020: eight stores in Australia and one store in New Zealand).

The Group has a 50% interest in the ordinary share capital of Shanghai LongShang Trading Company Ltd operating in China including Hong Kong S.A.R. and Macau S.A.R. The joint venture is represented by 18 stores in China (2020: 12) and three stores in Hong Kong (2020: three).

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Opening investment in joint ventures	5,088	1,874
Investment	–	5,710
Share of (loss) of joint ventures	(1,136)	(1,229)
Share of non-underlying cost of joint ventures	(7)	(989)
Dividend received	(254)	(278)
Closing investment in joint ventures	**3,691**	**5,088**

The above carrying value represents the initial cost of the investment undertaken, as well as any subsequent change in net assets of the joint ventures, as at 30 January 2021.

	30 January 2021 £'000	25 January 2020 £'000
Amounts due from equity accounted investee	**4,305**	**4,462**

There are no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the venture itself. The joint ventures' loss for the periods ended 30 January 2021 and 25 January 2020 and its assets and liabilities are as follows:

	30 January 2021 £'000	25 January 2020 £'000
Non-current assets	19,886	14,386
Current assets	17,819	6,921
Current liabilities	(32,527)	(3,619)
Net assets	**5,178**	**17,688**
Share capital	39,766	39,995
Retained earnings	(33,092)	(19,758)
Current period loss, net of tax	(1,496)	(2,601)
Exchange rate movement	–	52
Total equity	**5,178**	**17,688**

14 DEFERRED TAX ASSETS AND LIABILITIES

As at 30 January	Asset/(liability) brought forward £'000	(Charge)/credit to income statement £'000	(Charge)/credit to equity £'000	Foreign exchange on retranslation £'000	Asset/(liability) carried forward £'000
Deferred tax asset on UK operations arising from:					
Assets					
Share-based payments	126	(3)	21	–	144
UK tax losses	4,114	81	587	–	4,782
Other	178	224	–	–	402
Derivative financial instruments	57	7	6	–	70
Liabilities					
Property, plant and equipment	(3,176)	3,428	–	–	252
Net deferred tax asset on UK operations	**1,299**	**3,737**	**614**	**–**	**5,650**
Deferred tax liability arising on acquisition of No Ordinary Shoes Limited:	(412)	412	–	–	–
No Ordinary Shoes Limited – Deferred tax asset	89	(89)	–	–	–
Total deferred tax asset on UK operations	**976**	**4,060**	**614**	**–**	**5,650**
Deferred tax asset on foreign operations arising from:					
Foreign losses	1,144	3,869	–	(163)	4,850
Inventory	3,810	(2,664)	–	201	1,347
Property, plant & equipment	1,148	660	–	(165)	1,643
IFRS 16	4,058	2,671	–	–	6,729
Other	636	2,581	–	(670)	2,547
State taxes	2,278	2,539	–	52	4,869
Net deferred tax asset/(liability) on foreign operations	**13,074**	**9,656**	**–**	**(745)**	**21,985**
Total deferred tax asset/(liability	**14,050**	**13,716**	**614**	**(745)**	**27,635**

At 30 January 2021, the net deferred tax asset of £27,635,000 (2020: £14,050,000) comprises a deferred tax asset of £27,635,000 (2020: £17,638,000) and a deferred tax liability of £nil (2020: £3,588,000).

Recognition of deferred tax assets is based on the generation of future taxable profits that will allow utilisation of the asset. Future taxable profits are forecast by jurisdiction and the associated tax charge calculated to ensure the recoverability of the deferred tax asset.

Deferred tax assets are only recognised on the foreign assets when these businesses pass their development phase and when management considers it probable that future taxable profits will be available against which they can be utilised.

The tax effect of the unused cumulative tax losses for which no deferred tax asset has been recognised in the balance sheet is £4,955,000 (2020: £2,788,000). £327,000 of losses will expire in 0-5 years, £295,000 of losses will expire in 6-10 years, and £4,333,000 of losses have no expiration date.

15 INVENTORIES

	Group 30 January 2021 £'000	Group 25 January 2020 £'000
Raw materials and packaging	1,960	3,378
Work in progress	657	1,178
Finished goods and goods for resale	85,231	127,107
	87,848	**131,663**
Cost of inventories recognised as an expense within cost of sales during the period	156,444	323,388

The write down of inventory to fair value less cost of sales for the 53 weeks to 30 January 2021 was £11,144,409 (2020: £55,712,000).

Inventories written down and recognised as an expense in the period relates to inventory written down to the net realisable value and the net movement in inventory provisions during the period. In previous periods management have not provided for inventory which has been reclassified into a future season ('re-seasoned stock'). During the period, as a result of unusual trading conditions there has been a material increase in the inventory holding that has been re-seasoned. Consequently, management have considered it appropriate to make a provision against this category, amounting to £1.6m at the balance sheet date. The write down and any reversal are included in cost of sales. For further details on inventory valuation, key assumptions and sensitivities, see Note 1x).

16 TRADE AND OTHER RECEIVABLES

	Group 30 January 2021 £'000	Group 25 January 2020 £'000	Company 30 January 2021 £'000	Company 25 January 2020 £'000
Trade receivables	34,366	47,171	–	–
Amounts owed by Group undertakings	–	–	–	27,096
Prepayments and accrued income	10,300	18,887	–	–
Other taxes and social security	–	1,213	–	–
	44,666	**67,271**	**–**	**27,096**

Included in prepayments and accrued income are accrued income amounts of £1.1 million (2020: £1.7 million) in relation to licensing income which has not yet been invoiced.

Expected credit losses

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the period end date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The Group has credit insurance and standby letters of credit in place with several customers to mitigate exposure against customer credit risk.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered bankruptcy or administration proceedings. The Group debt provision at 30 January 2021 amounted to £565,000 (2020: £97,000).

At the year end, the Group has one customer with an outstanding debtor balance equal to approximately of 19% of the total outstanding balance. Having assessed the customer and reviewed the aging of the outstanding debt, the balance is not seen as a greater credit risk to the Group than other debtors.

The table below shows the credit risk exposure on the Group's trade receivables at 30 January 2021:

	Carrying amount £'000	Current amount £'000	Overdue 1-30 days £'000	Overdue 31-60 days £'000	Overdue 61-90 days £'000	Overdue 90+ days £'000
Gross carrying amount – trade receivables	34,931	20,712	2,660	3,538	1,075	6,946
Loss allowance	565		8	60	16	481
Net carrying amount	**34,366**	**20,712**	**2,652**	**3,478**	**1,059**	**6,465**

The Group has no significant concentrations of credit risk. The amounts owed by Group undertakings balance comprises an interest free intercompany loan with a subsidiary within the Group, which is repayable on demand. The ability of the Group undertaking to repay outstanding balances to the Company is assessed at each reporting date and counterparty credit risk is reviewed on a regular basis using the IFRS 9 expected credit loss impairment model. If a significant increase in the credit risk occurs, credit losses are recorded in the income statement. As at 30 January 2021, and at 25 January 2020, the expected credit loss of the Company's trade and other receivables was negligible and hence no impairment of the receivable was recorded.

17 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	Assets 30 January 2021 £'000	Liabilities 30 January 2021 £'000	Assets 25 January 2020 £'000	Liabilities 25 January 2020 £'000
Derivatives designed as effective as hedging instruments and carried at fair value:					
Forward foreign exchange contracts	25	–	(1,191)	203	(944)
Interest rate swap	25	–	–	–	(68)
Derivatives that are carried at fair value through profit or loss:					
Foreign currency options	25	–	–	–	(83)
		–	**(1,191)**	**203**	**(1,095)**

Forward foreign exchange contracts are used to hedge exposure to fluctuations in foreign exchange rates that arise in the normal course of the Group's business.

Following the repayment of the term loan in the period, the interest rate swap has deemed ineffective and has been recycled through the profit and loss account. There were no other ineffective cash flow hedges in the period (2020: £nil).

Gains and losses in equity relating to derivatives in effective hedging relationships at 30 January 2021 will remain there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement.

The charge to the income statement in respect of changes in the fair value of foreign currency derivatives that do not meet the criteria for hedge accounting was £nil (2020: charge of £116,000).

18 PROVISIONS

Group

	Onerous contract £'000	Dilapidations £'000	Total £'000
Balance at 25 January 2020	–	–	–
Provided in the period	4,408	2,942	7,350
Released in the period	(2,435)	–	(2,435)
Balance at 30 January 2021	**1,973**	**2,942**	**4,915**

Onerous contract provision of £1,973k relates to the provision against the liability for materials relating to cancelled orders due to the Covid-19 pandemic. This is management's best estimate of the unavoidable costs in meeting the obligation under these contracts. This liability is expected to be settled within 12 months and has therefore been shown as a current liability.

Dilapidations provisions are the estimated costs of restoring stores to the required condition per the lease on exit of the store.

19 NET CASH/BORROWINGS

	Group 30 January 2021 £'000	Group 25 January 2020 £'000	Company 30 January 2021 £'000	Company 25 January 2020 £'000
Cash and cash equivalents per balance sheet	66,671	52,912	5,195	21
Borrowings	–	(180,000)	–	–
Net cash/borrowings	**66,671**	**(127,088)**	**5,195**	**21**

The Group's borrowings have been summarised below:

	Interest rate	Repayable date	Group 30 January 2021 £'000	Group 25 January 2020 £'000
Current:				
Revolving credit facility	2.1% +LIBOR	Sept 2022	–	180,000
Total current borrowings			**–**	**180,000**

Reconciliation of liabilities to cash flow arising from financing activities:

	Group 30 January 2021 £'000
Balance at 25 January 2020	**180,000**
Changes from financing cash flows:	
Repayment of borrowings	(180,000)
Balance at 30 January 2021	**–**

20 TRADE AND OTHER PAYABLES

	Group 30 January 2021 £'000	Group 25 January 2020 Restated[1] £'000	Company 30 January 2021 £'000	Company 25 January 2020 £'000
Trade payables	60,574	53,092	–	–
Accruals and deferred income	20,035	22,934	112	113
Other creditors	8,665	9,510	–	–
Other tax	8,864	10,666	–	–
	98,138	**96,202**	**112**	**113**

1 More details of the restatement are shown in note 1y).

21 IFRS 16

Right-of-use assets

The Group has applied IFRS 16 using the simplified modified retrospective transition approach.

Right-of-use assets are recognised in relation to the Group's leases, representing the economic benefits of the Group's right to use the underlying leased assets. The Group's lease portfolio is principally comprised of property leases of stores, distribution centres and overseas head offices.

The Group has applied the practical expedient for the application of rent concessions provided as a response to the Covid-19 pandemic, as allowed by the amendment to IFRS 16.

Right-of-use assets

	30 January 2021 £'000	25 January 2020 £'000
Cost		
Opening	188,219	–
Adoption of IFRS 16	–	185,409
Restatement[1]	–	(13,276)
Restated opening	**188,219**	**172,133**
Gross adjustment[2]	(2,019)	–
Additions	9,229	12,473
(Decrease)/increase in right-of-use assets	(9,179)	9,445
Disposals	(4,706)	(5,832)
Closing	**181,544**	**188,219**
Amortisation		
Opening	(50,232)	–
Gross adjustment[2]	2,019	–
Charge for the period	(26,763)	(38,048)
Restatement[1]	–	2,229
Disposals	4,706	2,426
Impairments[3]	(29,515)	(16,839)
Closing	**(99,785)**	**(50,232)**
Net book value	**81,759**	**137,987**

1 More details of the restatement are shown in note 1y).

2 Gross adjustment between cost and amortisation brought forward to better reflect underlying gross split.

3 Impairments in the year of £29,515,000 consisted of the interim impairment of £33,922,000 less a reversal of £4,407,000 arising from modifications.

Lease liabilities

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate upon transition to IFRS 16 and at subsequent remeasurement dates. The discount rates applied range between 3.9% to 9.1%, they have been determined based on comparable bond yields and are lease specific varying by territory and lease length.

Amounts recognised in profit or loss

	Group 30 January 2021 £'000	Group 25 January 2020 £'000
Interest on lease liabilities[1]	**6,781**	8,309

1 Expenses related to variable rental payments for leasehold properties are included within Note 3.

Lease liabilities included in the statement of financial position

	Group 30 January 2021 £'000	Group 25 January 2020 £'000
Current	33,754	36,381
Non-current	106,617	131,956
Total lease liabilities	**140,371**	**168,337**

21 IFRS 16 continued

Reconciliation of liabilities to cash flow arising from financing activities

	Group 30 January 2021 £'000	Group 25 January 2020 £'000
Opening	168,337	185,409
Gross adjustment[1]	(807)	–
Changes from financing cash flows:		
Payment of lease liabilities	(35,826)	(41,337)
Remeasurement	(361)	–
Total changes from financing cash flows	(36,187)	(41,337)
Increase in lease liability[2]	2,509	21,918
Disposal of lease liabilities	–	(3,406)
The effect of changes in foreign exchange rates	(262)	(2,556)
Interest expense	6,781	8,309
Total other changes	9,028	24,265
	140,371	**168,337**

1 Gross adjustment to opening balance to better reflect the gross split.
2 Increase in lease liability consists of additions of £9.229m and reductions of £6.720m arising from lease modifications.

Maturity analysis – contractual undiscounted cash flows

	Group 30 January 2021 £'000	Group 25 January 2020 £'000
Less than one year	34,510	36,379
One to five years	98,531	107,024
More than five years	17,355	40,786
	150,396	**184,189**

22 CAPITAL AND RESERVES

Number of ordinary shares	30 January 2021	25 January 2020
Ordinary shares of 5p each		
Opening allotted, called up and fully paid up	44,566,689	44,563,346
Exercise of share options	42,097	3,343
Ordinary shares issued for cash	140,000,000	–
Closing allotted, called up and fully paid	**184,608,786**	**44,566,689**

Share capital	30 January 2021 £'000	25 January 2020 £'000
Share capital at the start of the period	2,228	2,228
Share Options	2	–
Share capital issued during the period	7,000	–
Share capital at the end of the period	**9,230**	**2,228**

On 19 June 2020, the Company issued 140,000,000 ordinary 5p shares at a price of 75p each. The 70p premium per share, less the total issue costs of £7.6 million, was credited to the share premium account.

Other reserves and retained earnings

Other reserves and retained earnings include the following reserve accounts:

Cash flow hedging reserve
The effective portion of financial instruments that are designated as hedging instruments and are documented as part of an effective hedge of future cash flows are recognised directly in equity and recycled to the income statement when the underlying cash flows occur, or are no longer expected to occur.

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Other reserves – Company
This reserve relates to the premium on equity consideration used in the acquisition of a subsidiary, No Ordinary Designer Label Limited, by Ted Baker plc in 1997, which is classified within other reserves under the Companies Act. This reserve also includes the cost of share options and awards granted to employees of the Group. This reduction in other reserves is reflected in retained earnings in the Group Statement of Changes in Equity.

23 SHARE-BASED PAYMENTS

The pre-tax charge in the income statement for share schemes in the 53 week period to 30 January 2021 was £1,204,000 (2020: £225,000).

Long-Term Incentive Plan

Share awards are made in the form of nil-cost options over Ordinary shares in Ted Baker plc under the Long-Term Incentive Plan 2013 (LTIP 2013), the Ted Baker Long Term Incentive Plan (LTIP 2020), and the Ted Baker Incentive Plan (TBIP 2020) which were approved by the shareholders at the general meetings held on 20 June 2013, 21 July 2020 and 21 July 2020 respectively. The options are exercisable three years after the date of grant subject to the satisfaction of the vesting conditions.

Share options and awards granted under the LTIP 2013 and LTIP 2020 and outstanding at the end of the period were as follows:

Grant date	Expiry date	Number of options granted	Fair value at grant date	Number of awards outstanding at 30 January 2021	Number of awards outstanding at 25 January 2020
1 May 2014	20 April 2024	254,141	695.0p	–	670
30 April 2015	29 April 2025	192,860	1,785.0p	4,905	47,721
5 May 2016	4 May 2026	234,159	875.0p	–	–
6 April 2017	5 April 2027	221,234	1,355.0p	–	85,427
3 April 2018	2 April 2028	251,786	1,071.0p	–	133,708
16 April 2019	15 April 2022	403,600	592.0p	137,755	279,983
4 September 2020	4 September 2030	4,246,336	84.5p/91.6p	4,166,660	–
26 October 2020	4 September 2030	518,511	84.5p/90.1p	518,511	–
16 December 2020	4 September 2030	696,615	84.5p/97.1p	696,615	–
		7,019,242		**5,524,446**	**547,509**

The terms and conditions of the awards granted during the 53 weeks ended 30 January 2021 are as follows:

Grant date	Type of award	Number of options	Vesting conditions	Vesting period
4 September, 26 October, 16 December 2020	LTIP 2020 & TBIP 2020	3,733,394	50% performance against comparator group to September 2023, 50% free cash flow against targets for year ended January 2023	Up to 100% after three years
4 September, 26 October, 16 December 2020	TBIP 2020	1,728,068	No performance based vesting conditions, options lapse if recipient under notice or no longer employed as at vesting date	100% after three years

The credit to the income statement for the period in respect of options issued under the LTIP 2013 amounted to £nil (2020: £nil).

The Monte-Carlo valuation methodology has been used as the basis of measuring the fair value of awards made under the LTIP 2013 and LTIP 2020. The range of inputs into the Monte-Carlo model for awards made was as follows:

Share price at grant	£1.134–£2.855
Share price at grant (based on six-month average) for share price performance condition	1,752.0p–2,809.0p
Risk free interest rate	-11.0%–0.87%
Expected life of options	3 years
Share price volatility – Company	29.0%–38.71%
Share price volatility – Median comparator of LTIP 2020 awards	52.0%
Dividend yield	1.41%–6.88%

The share price volatility was determined by calculating the historic volatility of the Group's share price over a time period matching the expected life of the option.

24 FINANCIAL COMMITMENTS

Group

a) Capital commitments

The Group has capital commitments of £6,774,901 related to commitments at 30 January 2021 (2020: £3,333,934) which were not provided in the financial statements.

b) Concessions

The total committed payments to concessions are £2,807,000 as at 30 January 2021 (2020: £3,232,000), relating to payments due within one year. These amounts only include committed minimum payments and exclude the variable or contingent elements of future rental payments. As a result, the amounts charged to the income statement may be materially higher than the financial commitment at the prior period end.

Contracts for concessions often contain rental expenses based on revenue. Under the terms of the contracts there are two bases:

- Minimum payments levels due, together with variable amounts in excess of those minimums, based on the concession's future revenue levels.
- No minimum payment conditions within the terms of the contract such that rental charges are contingent wholly on future store revenue levels.

c) Pension arrangements

The Group operates a number of defined contribution schemes for senior management and a stakeholder pension scheme for employees, for which the pension cost charge for the period amounted to £1,395,000 (2020: £2,230,000). Contributions totalling £204,000 are included in accruals and deferred income at the period end (2020: £332,000).

Company

d) Letter of support

The Company has signed letters of support to various of its subsidiary companies. The most significant is with No Ordinary Design Limited, which has an intercompany payable of £119.7 million at 30 January 2021.

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Carrying amount and fair values of financial assets and liabilities

Financial assets and liabilities – Group

The fair values of financial assets and liabilities of the Group, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount 30 January 2021 £'000	**Fair value 30 January 2021 £'000**	Carrying amount 25 January 2020 (Restated)[1] £'000	Fair value 25 January 2020 (Restated)[1] £'000
Financial assets				
Trade receivables	29,437	29,437	47,171	47,171
Accrued income	1,154	1,154	1,708	1,708
Amount due from equity accounted investee	4,305	4,305	4,462	4,462
Derivative financial assets	–	–	203	203
Cash and cash equivalents	66,176	66,176	52,912	52,912
Total financial assets	**101,072**	**101,072**	**106,456**	**106,456**
Financial liabilities				
Trade and other payables	(60,574)	(60,574)	(96,202)	(96,202)
Derivative financial liabilities	(1,191)	(1,191)	(1,095)	(1,095)
Borrowings	–	–	(180,000)	(180,000)
Total financial liabilities	**(61,765)**	**(61,765)**	**(277,297)**	**(277,297)**
Net financial assets/(liabilities)	**39,307**	**39,307**	**(170,841)**	**(170,841)**

1 More details of the restatement are shown in note 1y).

There are no significant trade debtor balances overdue and no significant amounts impaired at the end of the period. The carrying and fair values of lease liabilities have been disclosed in Note 20.

Financial assets and liabilities – Company

The fair values of financial assets and liabilities of the Company, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount 30 January 2021 £'000	**Fair value 30 January 2021 £'000**	Carrying amount 25 January 2020 £'000	Fair value 25 January 2020 £'000
Financial assets				
Amounts owed by Group undertakings	119,672	119,672	27,096	27,096
Cash and cash equivalents	5,195	5,195	21	21
Total financial assets	**124,867**	**124,867**	**27,117**	**27,117**
Financial liabilities				
Trade and other payables	(112)	(112)	(113)	(113)
Total financial liabilities	**(112)**	**(112)**	**(113)**	**(113)**
Net financial assets	**124,755**	**124,755**	**27,004**	**27,004**

All non-derivative financial assets and liabilities, for the Group and Company, are measured at amortised cost. Their carrying amounts are a reasonable approximation of their fair value due to their short maturities or because interest rates are floating rates where payments are reset to market rates at intervals of less than one year.

Derivative assets and liabilities are held at fair value (see Note 17), which is determined by reference to third-party valuations (usually from a bank) or by reference to readily observable market prices. Derivative assets and liabilities that are not used in hedging relationships are held at fair value through the profit and loss.

The valuation of all financial assets and liabilities carried at fair value by the Group is based on hierarchy Level 2. Fair value hierarchy levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

b) Derivative financial instruments

	Contractual/ notional amounts 30 January 2021 £'000	Assets 30 January 2021 £'000	Liabilities 30 January 2021 £'000	Contractual/ notional amounts 25 January 2020 £'000	Assets 25 January 2020 £'000	Liabilities 25 January 2020 £'000
Forward foreign exchange contracts	21,583	–	(1,191)	67,959	203	(1,027)
Interest rate swap	–	–	–	30,000	–	(68)
	21,583	**–**	**(1,191)**	**97,959**	**203**	**(1,095)**

The following table indicates the timing of the notional amount of the foreign exchange derivative hedging instruments.

	Contractual/ notional amounts 30 January 2021 £'000	Contractual/ notional amounts 25 January 2020 £'000
Within six months	10,021	19,262
Between six months and one year	9,250	32,465
Between one and two years	2,312	16,232
	21,583	**67,959**

The £30,000,000 notional amount of the interest rate swap expired in December 2020.

c) Cash flow hedging reserve movements

The following table indicates the cash flow hedging reserve balance at 30 January 2021 and the periods in which the cash flows are expected to occur. The periods in which the cash flows are expected to impact the income statement are materially the same.

	Currency derivatives 30 January 2021 £'000	Currency derivatives 25 January 2020 £'000
Within six months	490	150
Between six months and one year	470	(543)
Between one and two years	112	(323)
Unrecognised gain/(loss)	**1,072**	**(716)**

d) Financial risk identification and management

The Group's multinational operations and debt financing requirements expose it to a variety of financial risks. In the course of its business the Group is exposed to:

- Market risk;
- Credit risk; and
- Liquidity risks have been established and are reviewed regularly to reflect changes in the market conditions and the Group's activities.

i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. At the balance sheet date, the only significant market risk to the Group arises from foreign currency risk.

Foreign currency risk

The Group operates internationally and is therefore exposed to foreign currency risk primarily on purchases of inventory denominated in US Dollars and Euros.

The Board reviews and agrees policies for managing exchange rate risks on a regular basis. Where appropriate, the Group uses financial instruments to mitigate these risks. All transactions in derivatives, principally forward exchange contracts, are taken solely to manage these risks. No transactions of a speculative nature are entered into.

The Group's policy is to hedge substantially all the risks of such currency fluctuations by using forward contracts considering forecast foreign currency cash inflows and outflows. The policy allows for these risks to be hedged for up to 24 months ahead in order to fix the cost in Sterling.

In April 2020, the Group exited its foreign exchange contracts to crystallise a cash gain and, as a result, the Group's foreign exchange risk is unhedged for the next financial year.

The vast majority of projected purchases in each major currency qualify as "highly probable" forecast transactions for hedge accounting purposes.

The Group also publishes its financial statements in Sterling and is therefore exposed to foreign currency translation risks due to movements in foreign exchange rates on the translation of the results and underlying net assets of its foreign operations into Sterling. Translation risks are not hedged.

25 Financial Instruments and Risk Management continued

Foreign currency sensitivity analysis

The Group has used sensitivity analysis that measures the estimated change to the income statement and equity of a 10% strengthening or weakening in Sterling against all other currencies, using the rates applicable at 30 January 2021. The analysis assumes that all other variables, in particular, interest rates, remain constant.

The following sensitivity analysis illustrates the impact that a 10% strengthening of the Group's reporting currency against local functional currencies would have had on profit before tax and equity. The analysis covers currency translation exposures at the period end on the Group's financial assets and liabilities that are not denominated in the functional currencies of those businesses.

A 10% (2020: 10%) strengthening or weakening of Sterling against the following currencies at 30 January 2021 would have increased/(decreased) equity and profit before tax by the amounts shown in the following table:

	Impact on profit 30 January 2021 £'000	**Impact on equity 30 January 2021 £'000**	Impact on profit 25 January 2020 £'000	Impact on equity 25 January 2020 £'000
Test of 10% (2020: 10%) strengthening in Sterling against other currencies				
US Dollar	(201)	(201)	1,436	1,436
Euro	744	744	(279)	(279)
	543	**543**	**1,157**	**1,157**
Test of 10% (2020: 10%) weakening in Sterling against other currencies				
US Dollar	246	246	(1,755)	(1,755)
Euro	(910)	(910)	341	341
	(664)	**(664)**	**(1,414)**	**(1,414)**

Interest rate risk

The Group's exposure to interest rate risk is limited to floating rate financial assets and liabilities.

The Group's policy is to minimise the impact of adverse interest rate movements, through the use of interest rate management tools, taking into account factors such as the timing of future cash flows and forward yield curves. The use of any interest rate management tools is aligned with timescales of current and forecast net debt for which underlying projections can be accurately made. The Group's interest rate derivatives comprise interest rate swap agreements, fixing a portion of the floating rate net debt to fixed rates.

The interest rate profile of the financial assets and liabilities of the Group is as follows:

Financial assets and liabilities subject to interest rate risk

	Group 30 January 2021 £'000	Group 25 January £'000	**Company 30 January 2021 £'000**	Company 30 January £'000
Sterling	13,736	(185,709)	5,195	21
US Dollar	8,901	14,325	–	–
Euro	8,823	8,364	–	–
Other	4,296	5,766	–	–
	35,756	**(157,254)**	**5,195**	**21**

The above table does not include the notional value of net debt for which interest rate swaps are in place.

Interest rate sensitivity analysis

The following sensitivity analysis illustrates the impact that a change of 50 basis points in LIBOR interest rates at the balance sheet date would have increased/(decreased) equity and profit before tax by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

	Impact on profit 30 January 2021 £'000	**Impact on equity 30 January 2021 £'000**	Impact on profit 25 January 2020 £'000	Impact on equity 25 January 2020 £'000
Interest rate increase of 0.5%	179	179	(786)	(786)
Interest rate decrease of 0.5%	(179)	(179)	786	786

ii) Credit risk

Credit risk is the risk that counterparties to financial instruments do not perform according to the terms of the contract or instrument. The Group's principal financial assets are cash, trade and other receivables, and derivative financial assets. The Group's credit risk is primarily attributable to its trade and other receivables.

Trade and other receivables

Credit risk arises on credit exposure to wholesale, licence and concession partners including outstanding receivables and committed transactions. The Group substantially mitigates credit risk through credit insurance, standby letters of credit or supplier finance arrangements when possible.

Wholesale partner receivables risk is mitigated by credit insurance being taken out up to the amount of the credit limit. All new wholesale customers are checked against appropriate trade references and details such as frequency/delinquency. The limits applied to each customer are set in conjunction with our credit insurer's advice. Monitoring of credit limits is undertaken daily.

25 Financial Instruments and Risk Management continued

All territorial licence partners require a standby letter of credit up to the amount of their credit limit, which is determined based on creditworthiness and volume of business. The Group is not able to protect its licence partner income with credit insurance, although it does not consider this a significant credit risk. Forecasts are obtained from all its licence partners throughout the period to allow extensive visibility of future income.

The Company has credit risk associated with its intercompany receivable. This balance is held at cost less provision for impairment. The provision for impairment is considered on a specific basis in relation to the balance as there is no history of credit losses.

iii) Liquidity risk

Refer to note 1, Basis of Preparation – Going Concern.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve, (which comprises of the undrawn borrowing facility and cash and cash equivalents) based on expected cash flow. This is generally carried out at entity level in the operating companies of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, and monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

The table below analyses the Group's financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date, at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount £'000	Contracted amount less than 1 year £'000	Contracted amount 1–5 years £'000	Contracted amount more than 5 years £'000
At 30 January 2021				
Non-derivative financial liabilities				
Trade and other payables	113,604	113,604	–	–
Borrowings	–	–	–	–
Lease liabilities	150,396	34,510	98,531	17,355
Derivative financial liabilities				
Derivative financial instruments	1,191	1,191	–	–
At 25 January 2020				
Non-derivative financial liabilities				
Trade and other payables	88,625	88,625	–	–
Borrowings	180,000	180,000	–	–
Lease liabilities	184,189	36,379	107,024	40,786
Derivative financial liabilities				
Derivative financial instruments	1,095	1,095	–	–

The Group manages its liquidity risk through the use of secured revolving credit facilities. At 30 January 2021, the Group's financing arrangements comprised of two facilities, a £107.8 million Revolving Credit Facility maturing in September 2022, and a £25 million restricted Revolving Credit Facility maturing in January 2022. At year end, neither facility had been drawn down. On 24 May 2021, the Group successfully refinanced existing debt facilities, reducing the size of the facility to reflect future forecasts for the business. The existing facilities totalling £132.8 million have been replaced with a £90 million Revolving Credit Facility, reducing to £80 million in January 2022, before maturing in November 2023. This facility provides the resources to fund the planned working capital requirements and capital expenditure to support the Group's long-term growth strategy. Interest is payable based on LIBOR (or its replacement after 31 December 2021) plus a margin.

The facilities contain financial covenants which are believed to be appropriate in the current economic climate and tested on a quarterly basis. The Group monitors actual and prospective compliance with these on a regular basis.

The financial covenant tests are based upon the following:

- Minimum EBITDA levels (applies up to April 2022)
- A ratio of total net debt to EBITDA (applies after August 2022)
- A fixed charge cover ratio (applies after August 2022).

e) Capital management

The Board's immediate actions to capital management are set out in note 1, Basis of Preparation – Going Concern.

The Board's policy is to maintain a robust capital base, defined as total shareholders' equity, totalling £165,997,000 at 30 January 2021 (2020: £140,673,000), to maintain investor, creditor and market confidence and to sustain future development of the business. From time to time the Company purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group and Company's share option and award programmes. Buy and sell decisions are made on a specific transaction basis by the Board; the Group and Company do not have a defined share buy-back plan.

It is the Board's intention to achieve a dividend cover ratio of two times every year. There were no changes in the Group and Company's approach to capital management during the period.

26 RELATED PARTIES

The Group considers its Executive and Non-Executive Directors, together with the Executive Team, as key management and their compensation therefore comprises a related-party transaction.

Total compensation in respect of key management for the period was as follows:

	53 weeks ended 30 January 2021 £'000	52 weeks ended 25 January 2020 £'000
Salaries, fees and short-term benefits	3,297	1,092
Contributions to money purchase pension schemes	57	55
Share-based payment (credit)/charges	–	–
	3,354	**1,147**

Directors of the Company as at 30 January 2021 and their immediate relatives control 0.2% of the voting shares of the Company.

At 30 January 2021, No Ordinary Designer Label Limited (NODL), the main trading company, owed Ted Baker plc £122,677,000 (2020: £27,096,000) and owed No Ordinary Shoes Limited £10,070,000 (2020: £10,070,000.) NODL was owed £105,290,000 (2020: £174,488,000) from the other subsidiaries within the Group. Transactions between subsidiaries were priced on an arm's length basis.

The Group has a 50% interest in the ordinary share capital of No Ordinary Retail Company Pty*, a company incorporated in Australia, through its wholly owned subsidiary No Ordinary Designer Label Limited. As at 30 January 2021, the joint venture owed £372,000 to the main trading company (2020: £530,000). In the period the value of sales made to the joint venture by the Group was £1,261,000 (2020: £2,485,000).

The Group has a 50% interest in the ordinary share capital of Shanghai LongShang Trading Company Ltd*, a company incorporated in Mainland China, Hong Kong and Macau, through its wholly owned subsidiary No Ordinary Designer Label Limited. As at 30 January 2021, the joint venture owed £3,933,000 to the main trading company (2020: £3,933,000). In the period the value of sales made to the joint venture by the Group was £2,876,000 (2020: £1,074,000).

Ray Kelvin, the former Chief Executive and a major shareholder in the business, has the right to appoint a non-executive director. He has exercised this right, and Colin La Fontaine Jackson was appointed to the Board in September 2020.

*The registered office addresses are as follows:

Related party	Registered office address
No Ordinary Retail Company Pty	6 Albert St, Preston VIC 3072, Australia
Ted Baker (Hong Kong) Limited	Room 2001-2, Tower 2, The Gateway, Harbour City, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

27 POST BALANCE SHEET EVENTS

On 24 May 2021, the Group successfully refinanced its existing debt facilities of £132.8 million due to mature in September 2022 with one maturing in November 2023. The new Revolving Credit Facility, reflecting the future business forecasts, is initially for £90 million, reducing to £80 million in January 2022. Unamortised fees from the original facility will be treated as an underlying item in the financial statements for 2022. Fees associated with the facility will be amortised over the expected life of the facility as an underlying item.

In May 2021, the Group restructured its French business, following a consultation with all colleagues in country, closing three of its four owned stores or outlets. The future operating model will be based around concession and partner sites. The costs of approximately £2.2 million for redundancy, asset write-offs and other fees, have been treated as non-underlying costs in 2022.

FIVE YEAR SUMMARY (UNAUDITED)

	52 weeks ended 28 January 2017 £'000	52 weeks ended 27 January 2018 £'000	52 weeks ended 26 January 2019 £'000	52 weeks ended 25 January 2020 (Restated)[1] £'000	**53 weeks ended 30 January 2021 £'000**
Results					
Revenue[2]	549,223	613,113	639,554	630,478	351,983
Operating profit/(loss)	62,497	70,727	34,301	(59,954)	(98,895)
Profit/(loss) before tax	61,271	68,789	30,656	(77,625)	(107,729)
Profit/(loss) before tax and non-underlying items	65,784	73,465	62,965	4,778	(59,161)
Profit/(loss) for the period	**46,568**	**52,744**	**24,478**	**(68,186)**	**(86,445)**
Assets employed					
Property, plant and equipment	144,354	139,075	131,865	127,429	39,401
Other non-current assets	31,189	40,733	54,708	203,612	148,384
Net current assets/(liabilities)	91,852	92,515	89,813	(54,824)	75,783
Non-current liabilities	(56,851)	(48,273)	(47,918)	(135,544)	(111,532)
Net assets	**210,544**	**224,050**	**228,468**	**140,673**	**152,036**
Financed by					
Shareholders' funds	210,544	224,050	228,468	140,673	152,036
	210,544	**224,050**	**228,468**	**140,673**	**152,036**
Key statistics					
Basic earnings per share	105.7p	119.0p	55.0p	(153.0p)	(56.2p)
Underlying earnings per share	114.0p	127.7p	114.2p	6.7p	(26.0p)
Diluted earnings per share	104.5p	118.3p	55.0p	(153.0p)	(56.2p)
Dividends per share	53.6p	60.1p	58.6p	7.8p	–
Dividend cover[3]	2.0 times	2.0 times	.9 times	-20.3 times	–
Dividend cover before non-underlying costs[3]	2.1 times	2.1 times	1.9 times	1.2 times	–
Pre-tax return on capital employed before non-underlying items	27.3%	26.8%	19.1%	7.3%	–
Post-tax return on capital employed before non-underlying items	20.8%	20.6%	15.3%	6.5%	–

1 The prior period errors or misstatements relating to stock are detailed further in Note 1(y).

2 Revenue has been restated for all years to include licence income.

3 The dividend has been temporarily suspended since the interim dividend for the 52 week period to 25 January 2020.

ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)

As stated in Note 1 ab), the Group uses certain measures that are not separately disclosable under IFRS or the Companies Act. The Directors believe that these additional measures, which are used internally, are useful to the users of the financial statements in helping them understand the underlying business performance. Reconciliations of the reported numbers to alternative performance measures are shown below.

Throughout the Annual Report and Accounts, alternative performance measures (APMs) have been reported which are non-GAAP measures and are presented to provide stakeholders with additional financial information on the performance of the Group.

These APMs should not be viewed in isolation or as an alternative to the equivalent GAAP measure. The measures detailed below are not defined by IFRS and therefore may not be directly comparable with other companies' APMs – this includes those in the retail industry.

UK & Europe

	53 weeks ended 30 January 2021 Reported £'000	53 weeks ended 30 January 2021 Foreign Exchange Impact £'000	53 weeks ended 30 January 2021 Constant Currency £'000	52 weeks ended 25 January 2020 Reported £'000	Constant Currency Variance £'000
Total revenue	246,802	657	246,145	422,552	(41.7)%
Total retail revenue	181,923	620	181,303	296,879	(38.9)%
Store revenue	67,337	482	66,855	202,303	(67.0)%
eCommerce revenue	114,583	137	114,446	94,577	21%
Sales per square foot including eCommerce sales	658	2	656	1,043	(37.1)%
Sales per square foot excluding eCommerce sales	244	2	242	711	(66.0)%
Wholesale revenue	52,406	–	52,393	106,672	(50.9)%
Licence income	12,449	–	12,449	19,001	(34.5)%

North America

	53 weeks ended 30 January 2021 Reported £'000	53 weeks ended 30 January 2021 Foreign Exchange Impact £'000	53 weeks ended 30 January 2021 Constant Currency £'000	52 weeks ended 25 January 2020 Reported £'000	Constant Currency Variance £'000
Total revenue	102,787	(881)	103,668	194,599	(46.7)%
Total retail revenue	69,942	(615)	70,557	129,755	(45.6)%
Store revenue	39,671	(379)	40,050	107,690	(62.8)%
eCommerce revenue	30,271	(235)	30,506	22,066	38.3%
Sales per square foot including eCommerce sales	507	(5)	512	939	(45.5)%
Sales per square foot excluding eCommerce sales	288	(2)	290	780	(62.7)%
Wholesale revenue	32,846	(265)	33,111	64,844	(48.9)%

Alternative performance measures (unaudited) continued

Rest of the World

	53 weeks ended 30 January 2021 Reported £'000	53 weeks ended 30 January 2021 Foreign Exchange Impact £'000	53 weeks ended 30 January 2021 Constant Currency £'000	52 weeks ended 25 January 2020 Reported £'000	Constant Currency Variance £'000
Total retail revenue	2,394	(291)	2,685	13,307	(79.8)%
Store revenue	2,394	(291)	2,685	11,221	(76.1)%
eCommerce revenue	–	–	–	2,086	(100)%
Sales per square foot including eCommerce sales	337	(41)	378	662	(42.9)%
Sales per square foot excluding eCommerce sales	337	(41)	378	558	(32.3)%

Group

	53 weeks ended 30 January 2021 Reported £'000	53 weeks ended 30 January 2021 Foreign Exchange Impact £'000	53 weeks ended 30 January 2021 Constant Currency £'000	52 weeks ended 25 January 2020 Reported £'000	Constant Currency Variance £'000
Total revenue	351,983	(515)	352,498	630,478	(44.1%)
Total retail revenue	254,258	(287)	254,545	439,941	(42.1)%
Store revenue	109,402	(188)	109,590	321,213	(65.9)%
eCommerce revenue	144,854	(98)	144,952	118,728	22.1%
Sales per square foot including eCommerce sales	603	(1)	604	994	(39.2)%
Sales per square foot excluding eCommerce sales	260	–	260	725	(64.2)%
Wholesale revenue[1]	85,197	(253)	85,450	171,536	(55.1%)
Licence income	12,449	–	12,449	19,001	(34.5)%
Retail operating costs	164,653	(151)	168,804	232,175	29.0%
Distribution costs excluding non-underlying costs	175,854	(194)	176,048	247,412	27.9%
Administration expenses excluding non-underlying costs	71,025	(106)	71,131	88,345	19.5%

1 On a comparable basis, excluding footwear revenue of £8.89 million (£8.92 million in constant currency), group wholesale sales decreased by 49% in constant currency to £76.53 million (2020: £148.40m).

Company information

Registered Office
The Ugly Brown Building, 6a St. Pancras Way, London NW1 0TB

Company Secretary
Peter Hearsey-Zoubie

Financial Advisers and Sponsor
Liberum Capital Limited, 25 Ropemaker St, London EC2Y 9LY

Auditors
BDO LLP, 55 Baker St, London W1U 7EU

Bankers
Barclays Bank Plc, 1 Churchill Place, London E14 5HP

The Royal Bank of Scotland Plc, 62-63 Threadneedle Street, London EC2R 8LA

HSBC Bank Plc, 8 Canada Square, Canary Wharf, London E14 5HQ

BBVA, S.A., One Canada Square, 44th Floor, Canary Wharf, London, E14 5AA

Registrars
Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Ted Baker plc
Registered in England No: 03393836

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C022913

Ted Baker's commitment to environmental issues is reflected in this Annual Report, which has been printed on Image Indigo an FSC® certified material.

This document was printed by Pureprint Group using its environmental print technology, with 100% of dry waste diverted from landfill, minimising the impact of printing on the environment. The printer is a CarbonNeutral® company.

Written, designed and produced by Falcon Windsor.

falconwindsor.com


TED BAKER
LONDON