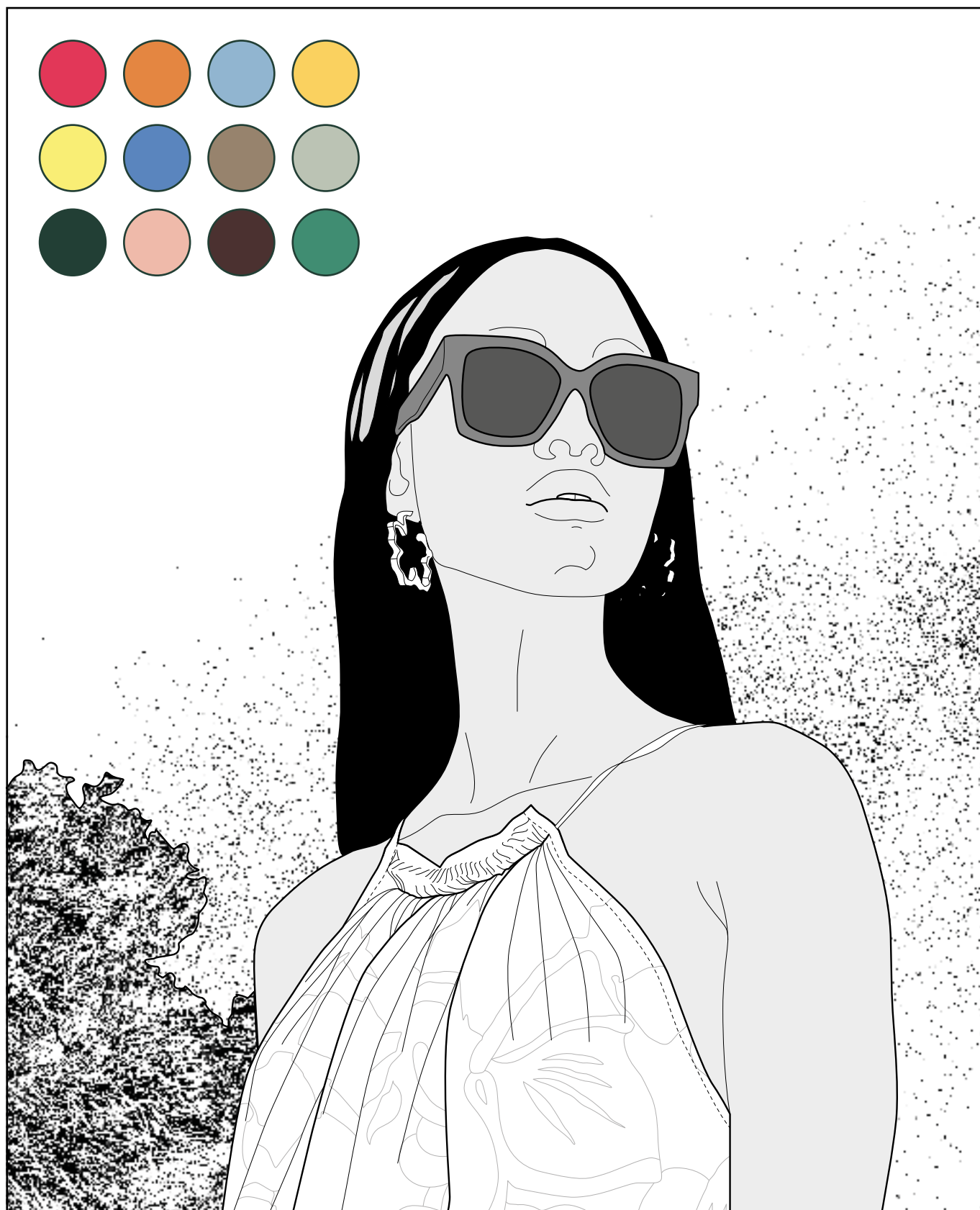


ATTENTION TO DETAIL



No one expected the year to be as out of the ordinary as the previous year – but the pandemic kept some surprises up its sleeve. Despite all the challenges, however, we came through the year with good progress on our transformation plan. With our foundations fixed in black and white, we began to fill in the details, bringing colour and life to the Ted Baker journey. To complete the picture, read on.



This year, our year end was 29th January 2022.

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TB | AR—'22

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Seeing the brighter picture

Looking back to the situation we found ourselves in at the start of the pandemic, we have come a very long way. Through two years of pandemic uncertainty, we have made good progress thanks to the actions we have taken to focus on our brand, our customers and our financial discipline. Our team has continued to pull together through another incredibly hard year of disruption and has achieved great things.



Rachel Osborne
Chief Executive Officer

52%

Growth in total
new customers



As always, I am grateful for the ongoing support of our stakeholders, which has been invaluable in helping us continue to make progress with the transformation of Ted Baker. Despite all the obstacles we have met through the year, the business has been on a positive trajectory. There were early signs of customer confidence returning, with footfall building after lockdowns ended and other social restrictions were lifted.

There was positive news as we ended the year in a net cash positive position and with significantly reduced losses over the second half of the year. But we were left with a feeling of frustration and optimism – with encouraging signs in trading in the six weeks from the start of November, the impact of the Omicron variant and the accompanying social restrictions had a negative effect over a critical sales period. What was set to be a modest return to profit for the half year was delayed.

With the lifting of restrictions starting at the end of January 2022, we continue to be optimistic about what we can achieve with Ted Baker as the world opens up. As the situation evolves, people are returning to the workplace, and weddings and social gatherings are possible again. As this happens, our customer insight adds to our confidence that people will seek out Ted Baker's unique mix of occasionwear and formalwear, along with our new products, supporting our return to growth and profit.

A QUICK SKETCH OF THIS YEAR'S NUMBERS

We continued to deliver against the objectives in our strategic plan on costs and cash, but with a renewed focus on driving growth as the impact of the pandemic subsided at points through the year. As a result, and despite the impact of Omicron over our key sales weeks, we ended the year with a more efficient business and a strong balance sheet.

We delivered £428.2m revenue for the full year, up 23.2% in constant currency. Our gross margin improved by 105 bps to 55.2% and we tightly controlled our cost base, with our operating cost to sales ratio improving by 700 bps.

As a result, our loss for the year reduced significantly and we ended the year with £3 million net cash with an available facility of £80 million.

CUSTOMERS – DRAWN FROM LIFE

Like any lifestyle brand, our customers are at the heart of everything we do. Understanding them is the key to building our business and over the year we have worked hard to attract more target customers, while encouraging them to buy more often.

To do this, we invested in a new research programme that has deepened our understanding of different customer segments, their lifestyles, tastes, attitudes and interests. The ongoing programme continues to deepen our knowledge, so we can be more effective in appealing to them as we design targeted new products and ranges.

The depth of this work and the insights are making a real difference across the whole process, from product creation to marketing reach and effectiveness.

“Our team has continued to pull together through another incredibly hard year of disruption and has achieved great things.”

Rachel Osborne
Chief Executive Officer

Ted Baker in broad brushstrokes

Loss before tax +59.1%

£(44.1)m

2021: £(107.7)m

Sales +20.5%

£428.2m

2021: £355.3m

Underlying loss before tax

£(38.4)m

2021: £(59.2)m

Underlying gross profit
margin +105bps

55.2%

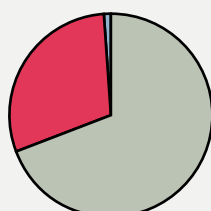
2021: 54.1%

Net cash at year end

£3.1m

2021: £66.7m

Sales by region



● UK & Europe 69.4%
● North America 29.6%
● Rest of the World 1.0%





Team members

2,224

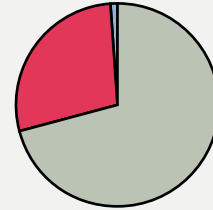
2021: 2,158

Total brand sales

£918m

2021: £745m

Gender breakdown



● Female 1,586 (71.3%)
 ● Male 630 (28.3%)
 ● Unspecified and gender diverse 8 (0.4%)
 Total 2,224

Digital sales

£133.8m

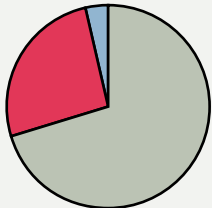
2021: £148.2m

Change in digital sales

(9.7)%

2021: 24.8%

Sales by channel



● Retail 70.5%
 ● Wholesale 26.0%
 ● Licensing 3.5%

Concessions

130

2021: 165

Outlets

31

2021: 33

Own stores

85

2021: 83

Digital mix of retail sales

44.3%

2021: 57.5%



SR

GR

FS

“Product licensing is a real strength and opportunity for Ted Baker, not least for the income it generates, but also for its influence on our brand standing with customers across the world.”

The retail sales picture

Retail sales were disrupted by the lockdowns and restrictions over the year, but sales increased by 17.2% with digital sales delivering 44.3% (2021: 57.5%). Overall, digital sales demand stayed above historical levels, up 12.7% on a two year basis, but sales fell below the higher levels we saw during the first lockdown as we reviewed our promotional approach in line with stock and liquidity levels. Our digital sales performance has been strong in the concession environment, with partners like John Lewis and Next performing well.

The pick-up in occasionwear in the latter half of the year in both our men's and women's collections, along with formalwear and suits, was an encouraging sign that people are ready to get back to some normality. From a product point of view, we saw good performance across womenswear, accessories and footwear. However, our menswear did not perform as well as expected.

These positive customer signals allowed us to move back to our full-price stance and reduce discounting, with very encouraging progress – full price sales delivered 810 bps over the year. This, combined with our ongoing cost disciplines, contributed to an improved performance.

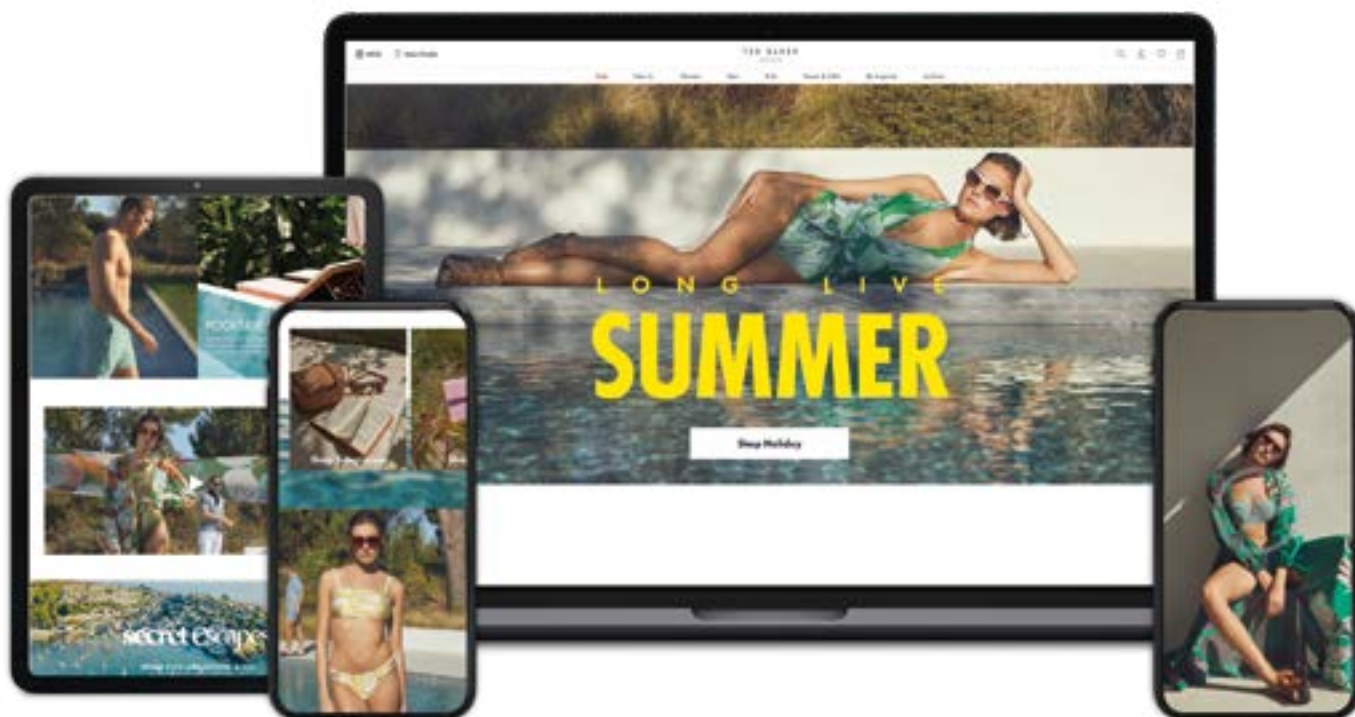
Where consumer confidence was recovering in the first half of the year, we saw significantly improved sales across our North American concessions and North American and UK shopping malls. This was also reflected in the return of footfall in the first part of Q4, mentioned above; although this didn't hit pre-pandemic levels, we did see an uplift, with many more customers coming out and shopping. We saw strong results for the six weeks of trading from the start of November. The introduction of Omicron warnings and restrictions in early to mid-December saw footfall drop away – first in Europe and then in the UK and US. With the mood changing with the lifting of restrictions in the UK in late January, and with more optimism about the shift in mindset, we hope to see a similar return to recovery of footfall.

Shining a light on product licensing

Product licensing is a real strength for Ted Baker, not only for the income it generates, but also for its influence on our brand standing with customers across the world.

Product licensing allows us to expand the Ted Baker brand across a broader range of clothing, accessories and homewares. We do this by working with carefully selected partners who bring unique supply chain experience and/or retail distribution.

Our product licensing business punches well above its weight with customers compared to how it shows up in our revenue. Including royalties from territory licenses, it accounted for 3.5% of revenue in the year but represented 31.0% of brand sales (retail sales to end customer).





Our product licence partners work under our brand guidelines and creative direction. Our partnerships sit within three defined areas:

- **Specialist clothing categories:** including childrenswear, suiting, lingerie and nightwear, men's underwear, fragrance and skincare
- **Lifestyle accessories:** including eyewear, watches, luggage, jewellery and personal technology accessories
- **Home:** including bedding, towels, wallpaper and rugs
- **Beauty:** including fragrance and toiletries.

Income from licences increased by 21.7% to £15.2 million (2021: £12.4 million), with strong growth in eyewear in North America and the UK, as well as another good performance from childrenswear and lingerie in partnership with Next. Formalwear sales remained subdued, particularly in the first half of the year, as people continued working from home and with the reduction in the number of weddings and other formal occasions taking place.

OUR STRATEGY – FROM MONOCHROME TO TECHNICOLOUR

We have done much of the heavy lifting needed to move the business forward. We have fixed the foundations and brought costs under control throughout the business. During the year, we refreshed our strategy to focus on our key areas for growth.

The strategy continues the focus on our core priorities. We have made solid progress on all the pillars in the context of external challenges including the ongoing pandemic, customer spending and behaviours, while managing availability of product and maintaining a resilient supply chain.

As we move into our new financial year, our focus is on core value creation in three key areas: brand, product and customer. To help us do this, we brought in our new Chief Customer, Marketing and Digital Officer, Jason Beckley, in January 2022.

Brand – creating a consistent and differentiated image

The strength of the Ted Baker brand is at the heart of our success. Built over 30 years, Ted Baker is renowned for offering excellent design, quality and value. Put simply, customers love the brand, and this shows up consistently across all our distribution channels, whether physical or digital.

The brand remains in robust health, with strong scores in our core brand metrics – in unprompted and prompted awareness, affinity, perception and quality, adding up to a healthy net promoter score (NPS) despite the pandemic slowing the opportunities for customers to see and try product in store. We will continue to work on our distinctive brand expression to create consistency across all channels.

Product – reframing our ranges

We will continue to use what we've learnt about our customers to evolve our range of products and make them more and more relevant to people and their lives. The last two years saw the arrival of lots of new design talent across the business – in men's and women's clothing, footwear and accessories, and the team has come together well under our Creative Director Anthony Cuthbertson. They have been designing against the new product pyramid we introduced last year and customers have responded well, with encouraging sales in womenswear. In menswear, some of the new footwear and accessories in our core collection have performed well. Lessons from our A/W 21 collection are being applied to future collections.

Changes in people's buying habits are a constant challenge to brands in our sector. We are not immune to this and during the pandemic, we have had to find a balance between following trends and retaining the essence of what makes Ted Baker clothing and accessories so loved by our customers. The lessons we have learned from the team's first collections, along with our deeper understanding of our customers' lifestyles and motivations, are now being applied to fine tune the new collections in development.

Adding depth with capital-light investment

Over the last year, we have used short-term leases to take advantage of changing footfall patterns and test the viability of stores in new locations such as Bromley, Leicester and Exeter. Bringing physical and digital together is the art of a strong omnichannel and customer-centric brand approach. We're using this strategy to grow Ted Baker in new and traditional markets.

At the end of the financial year, we signed an agreement with Robert Goddard, a well-established franchise partner in the UK. The agreement will see them create new standalone Ted Baker stores in a wholesale franchise relationship that will increase the reach of our brand while requiring minimal investment from us.

BRAND TRACKER SURVEY

	Prompted awareness	Consideration	NPS
UK	95%	54%	43%
USA	63%	33%	59%
GERMANY	48%	21%	36%

Source: Truth Consulting

100%

Recyclable
eCommerce
packaging

Digital: from blueprint to full colour

We launched our new digital platform in March 2022, moving to a modern 'fit for the future' architecture that is the foundation for further development of our integrated digital retail proposition. The new global digital platform will enhance the customer experience which should ultimately lead to increased conversion, digital marketing efficiency and higher digital sales.

Building the bigger picture on a global scale

As the world moves out of pandemic mindset and we bring our learnings from our customer insight project to bear, there are plenty of opportunities for growth, but we need to make sure we do not spread ourselves too thinly. We have refined our fifth strategy pillar to focus on our biggest and most important markets in the coming year. So we will continue to re-establish and build Ted Baker's position in the UK, while also focusing on the US, China, Germany and the Middle East.

You can see more details on our refreshed strategy and five pillars, and find out more about our thinking on [pages 16-24](#).

ADDING COLOUR TO OUR ESG APPROACH

I'm very excited by the progress our team has made on Ted Baker's environmental, social and governance (ESG) initiative, 'Fashioning a Better Future'.

The scope of work is broad – from improving supply chain transparency to ensuring fair, ethical and sustainable practices are in place to creating ranges with more sustainable cotton, leather and wool. We relaunched our eCommerce packaging and retail bags – and these are now FSC-certified and 100% recyclable. We are aiming to have 100% sustainable customer packaging by 2025, with all paper-based packaging being made from recycled materials.

It is vital that we share all this progress on sustainability with our customers, so in November we introduced sustainability swing tickets on our products in stores. These show where products are made and what they are made from. We also added a QR code to our packaging and swing tickets to give customers clear details of the materials that go into each product.

Last year, we said we would set ambitious carbon targets to achieve net zero by 2030, and this year we submitted our carbon reduction targets for accreditation by the SBTi (Science Based Targets initiative). We also brought together a Ted Baker carbon steering group who are looking at how we will hit our 2030 targets. And we continue to work collaboratively with other brands in the BRC Climate Action and Textiles 2030 working groups.

You can read more about our ongoing sustainability work on [pages 52-59](#).



60%

Cotton from sustainable sources

FROM UGLY TO GORGEOUS

Despite the challenges of the last year and the potential challenges ahead, we go into this financial year with our sense of optimism about the future of Ted Baker stronger than ever.

We are looking forward to moving to our new London HQ later in the year. Leaving behind the Ugly Brown Building in St Pancras (which has been our home for the last 22 years), we will bring everyone together in the Gorgeous Brown Building in Fitzrovia, London. Across the Atlantic, our new North American head office in New York, Flat 54, Manhattan, has brought together the whole US team in one place for the first time.

Both spaces represent the spirit of moving forward together in fresh environments inspired by our refreshed brand. They will allow us to continue to build a culture that the Ted Baker brand, and our people, richly deserve.

The hard work and dedication of our team at every level has helped us make great strides forward this year. I would like to thank everyone for their efforts and positive attitude, and I look forward to working with them in the coming year.



Rachel Osborne
Chief Executive Officer

Terminal stock going to landfill (UK)

nil



Our Interim Chair, Helena Feltham

Following the sudden passing of our Chair, John Barton, in early December 2021, Senior Independent Director Helena Feltham became Interim Chair on 4 December 2021.



“Looking back at the end of the second year of our plan, it is inspiring to see the advances the business has made.”

Helena Feltham
Interim Chair

The last year has been another hugely challenging one for Ted Baker and the world at large. The continuing disruption of Covid made it difficult for us to plan with the certainty we would have liked, particularly trying to move forward after the lockdowns of 2020. With the world still in lockdown at the start of 2021, everyone was once again forced to draw on all their reserves of ingenuity and resilience to keep the wheels turning. We were all shocked by the events unfolding in Ukraine and I am proud to report our team has stepped up, with many people volunteering to help in any way they can. Ted Baker also sent an initial financial donation, along with shipments of clothes and essential sanitary products.

The whole Ted Baker team, at all levels, worked hard on many fronts. Their efforts can be seen in the progress of our strategy, which is now deeply embedded in the business, setting Ted Baker up for growth as we move into the new year.

Over the year, the Executive Team did a great job of keeping the entire team feeling as joined up as possible while stores were closed and people continued to work from home. Retaining a sense of belonging has been hard, and credit is due to Rachel and the whole team for putting a huge effort into keeping everyone connected. I'd also like to thank former CFO David Wolfe for his support and input to the business over the last two years and we wish him well in his next venture.

There have been many difficulties to contend with over the last year. These are not only due to the pandemic and the increasingly unpredictable world we live in, but also from unexpected setbacks no one could see coming.

FORMAL SALE PROCESS

On 18 March 2022 Sycamore Partners Management LP announced that it was considering a possible offer for the Company. While we received offers from Sycamore and other unsolicited third-party bid interest in relation to the Company, the Board did not consider that the offers received reflected appropriate value for the Company's stakeholders. In view of the interest expressed by potential offerors, and having consulted its major shareholders, the Board decided to conduct an orderly process to establish whether there is a bidder prepared to offer a value that the Board considers attractive relative to the standalone prospects of Ted Baker as a listed company. Accordingly, on 4 April 2022 we announced that we would be conducting a formal sale process. On 23 May 2022, we announced we were proceeding with a preferred bidder.

For us, it was the sudden loss of our Chair, John Barton, who led the Board with great skill from July 2020 until his untimely death in December 2021. John combined a generosity of spirit with great insight, humility and humour, and his approach set the tone for the whole Board – Non-Executives and Executives alike. He has left us with a commanding legacy of getting on with what needs doing for all our stakeholders as we transition into the next stage of Ted Baker's journey.

Looking back at the end of the second year of our plan, it is heartening to see the advances the business has made. The ongoing tight control of costs and the net cash positive position we have achieved is testament to the Executive Team's approach. The hard work that went into fixing the foundations in the previous two years and consistently maintaining cost disciplines has made a real difference to the underlying results this year. We could not have achieved any of this without the continued belief and support of our shareholders and lenders.

The first half results were very encouraging and with the relaxing of social restrictions and no new lockdowns on the horizon, there was everything to play for in the second half. In the first five or six weeks of Q4, with increasing footfall and improved full price sales, we were planning to achieve a small but significant profit, which would have marked a real turning point for Ted Baker. Frustratingly this was not to be; the arrival of the Omicron variant and the knock-on effect of further social restrictions stopped the world in its tracks again. Despite this, the signs of a return to more normal times are evident and

I am certain we will see a return of customers as we go back to working in the office, planning celebrations and organising other social gatherings as the year unfolds. Given the level of macro-economic uncertainty, and the loss before tax for the year, the Board has determined that no dividend will be paid in respect of the financial year.

We are all inspired by the work the team has done on our environmental, social and governance (ESG) initiative, 'Fashioning a Better Future'. They have made excellent progress towards meeting our sustainability targets and setting ambitious carbon targets to achieve net zero by 2030.

I would like to thank my Board colleagues for their insights and efforts over the year. Together, we have consistently challenged the Executive Team in a constructive and supportive way. This has been particularly important, for example, in guiding development of the digital sales platform project, which we were delighted to see launch early in the new financial year.

Ted Baker is committed to having a diverse and inclusive Board, so we were very pleased to welcome two new Non-Executive Directors to improve the balance. Fumbi Chima brings her experience and expertise in digital transformation working with fast-growing brands including adidas, Burberry and American Express. Meg Lustman has a wealth of experience advising CEOs, and from her 35 years in retail, leading the transformation and growth of some of the UK high street's best known brands – most recently as CEO of Hobbs.

Andrew Jennings had intended to retire at the end of 2021 but has kindly agreed to stay on as a NED and Chair of the Remuneration Committee until the AGM in July. His ongoing support and retail expertise is much appreciated by all of us on the Board.

While we had made good progress on the search for a new Chair, on 18 March 2022 Sycamore Partners Management LP announced that it was considering a possible offer for the Company and we consequently announced on 4 April 2022 that we had commenced a formal sale process. The Board considered that continuity and experience was key to the Company successfully negotiating this period, and we accordingly paused the search for a new Chair pending the outcome of the formal sale process.

As we move forward, the focus of the Board will be to continue to achieve the balance between the support and constructive challenge that is so valuable to the Executive Team. We continue to be encouraged by the progress the brand and business have made, and we are optimistic that the refreshed strategy will take Ted Baker from strength to strength in the years to come.



Helena Feltham
Interim Chair

We will miss John's wisdom, support and guidance, as well as the twinkle in his eye.

A tribute to John Barton 1944 – 2021

Ted Baker Chair, July 2020 – December 2021



John joined the Ted Baker Board as its Chair in July 2020. He brought with him a wealth of experience, having held senior non-executive positions in leading consumer-facing companies, including stints as Chair of easyJet, Next and Cable & Wireless.

He was a real find for Ted Baker and his broad experience, insight and dry sense of humour made a huge difference to the business in his time with us. It is no exaggeration to say that everyone who met him loved him; we all feel very fortunate to have had the opportunity to work with him and learn from him.

John relished the challenges Ted Baker faced and nothing could put him off his stride. His calm approach was rooted in deep integrity and humility, which set the tone for the Board and his interactions with everyone he met at every level of the business. Hugely encouraging and supportive of the Executive Team, he was generous with both his time and knowledge, building close relationships with CEO Rachel Osborne and the Executive Team as they navigated the trials of implementing a turnaround plan during a global pandemic.

We will miss John's wisdom, support and guidance, as well as the twinkle in his eye. Our deepest sympathies go to his wife, Anne, and their family.



TAKING TED BAKER INTO THE FUTURE

- 14 Our business model
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The Ted Baker difference



Over the past 34 years, no other brand has consistently delivered humour, wit and the unexpected like Ted Baker. Growing from a single specialist shirt store in Glasgow to the global lifestyle brand we are today, consistency has been the key. As we move forward, we will continue to finesse our brand expression to ensure we are consistent at every touchpoint.

Our unique strengths

1

**TAKING OUR
BRAND FROM
STRENGTH TO
STRENGTH**

Last year our new brand ambition helped us focus on exactly why we are here. It has framed Anthony Cuthbertson and his team's approach to design, which has engaged both new and loyal customers with the sense of joy and British wit that is unique to Ted Baker.

2

**AGILE,
CAPITAL-LIGHT
INVESTMENT**

Our approach to capital-light investment has led us to strengthen our licensing partnerships and joint ventures. Our product licence income accounts for 3.5% of our revenue but represents 31.0% of total brand sales (retail sales to customers), and is an important factor in building the presence of the Ted Baker name around the world. This year, we began exploring opportunities for new locations in addition to our traditional stores. A recently-signed UK franchise agreement will extend our reach with minimal capital investment from Ted Baker, strengthening our presence and putting the brand in front of new customers.

3

**THE LIFEBLOOD
OF OUR SUCCESS
– OUR PEOPLE**

As always, our people continue to be the heart and soul of the Ted Baker brand. The continued commitment and passion of our team members through a second year of the pandemic has been incredible. We began to embed our new company values launched last year, which were inspired by what we see in our people every day. As part of our inclusion strategy, we launched the first Ted Baker employee engagement survey during the year. A great many of our people responded and we are acting on the results.

4

**TRANSPARENT
AND FAIR
– OUR SUPPLY
CHAIN**

We made excellent progress on our sustainability targets this year – we ended the year with 26% of all our materials coming from more sustainable sources, up from 17% last year. Despite our best efforts, we missed our target of 75% for sustainable cotton, due to the fact we sourced more cotton than forecast, at a time of increased global demand and decreased supply of sustainable cotton. Sixty-five percent of tanneries we source our leather from are now part of the Leather Working Group, working towards our aim of 100% by 2025.

5

**VARIED
DISTRIBUTION
AND
PARTNERSHIPS**

We continue to distribute through a strong mix of own stores and online presence, concessions, wholesale, territory franchises and joint ventures, and product licences. All this allows us to reach our customers through a wide variety of channels in the UK and in our international markets.



How we use our strengths



Our values

We have a clear set of values, drawn from our people. They are reflected in, and underpin, everything we do. During the pandemic, these behaviours have come to the fore and they sit at the heart of our strategy. We are:

AUTHENTIC
CURIOUS
COURAGEOUS
INCLUSIVE
KIND

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 50 wholesale partners, 40 product licence partners and 22 franchise partners in 32 countries around the world.

FOR OUR COMMUNITIES

We always aim to give back to our communities and wider society. For example, 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 aim to be net carbon neutral by 2030 in Scopes 1 and 2. We have submitted our absolute carbon reduction target of 46% across all Scope 3 operations by 2030 for accreditation by the SBTi (Science Based Targets initiative).

A newly-formed internal carbon steering group will deliver a roadmap to underpin our carbon goals.

We gave 3.6 tonnes of terminal stock to charities rather than sending to landfill.

All our UK stores and the Ugly Brown Building continue to use 100% renewable energy.

FOR OUR PEOPLE

Our 2,224 people make Ted Baker the company we are today. We aim to reward their commitment to our brand by supporting their wellbeing and helping them develop their careers and personal aspirations.



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

Two years into our strategic plan, we have refreshed our strategy to reflect our progress and the big ambitions we hold for our brand.

As the world comes out of the pandemic and learns to live with Covid, we are optimistic about people's return to work, social life and spontaneity. And we are excited about the important and joyous part Ted Baker has to play in all of this.

We have summarised our refreshed strategy here. On the following pages, you can read about our progress to date against our priorities and our plans for the coming year.

OUR GOAL IS TO BE THE MOST ENGAGING BRITISH LIFESTYLE BRAND

Growth drivers Strategic priorities

1 see page 17	2 see page 18	3 see page 19	4 see page 21	5 see page 23
Refresh our distinct brand expression across all touchpoints	Attract, drive frequency and retain more target customers	Expand our product and its relevance	Drive our digital omnichannel and capital-light growth	Scale up in priority markets
Drive the activation of the brand across all customer and employee touch points – online, stores, partners and marketing channels	Develop a deeper understanding of our customers to grow market share	- Execute key learnings from FY22 into new ranges - Expand product portfolio to meet lifestyle brand aspirations	- Drive digital omnichannel services in order to scale a fully immersive customer experience of Ted Baker in Direct to Consumer (DTC) - Continue to use short-term leases to test and explore new, untapped markets (physical and digital)	- Re-establish Ted Baker as a premium brand in the UK - Scale up in the US with digital and physical expansion enabled by omnichannel services - Scale up in Germany and Middle East - Become profitable and scale up in China - Grow in other territories with the right model

Refreshing our distinct brand expression across all touchpoints



REMINDING OURSELVES WHY CUSTOMERS LOVE TED BAKER

Our new Chief Customer, Marketing and Digital Officer **Jason Beckley** explains why customers feel a great affinity for the Ted Baker brand. Here, he gives an overview of the work we have done recently to understand our customers better than ever, how we will attract and retain more of our target customers and interact more frequently with them.

Growth drivers 1&2

What makes the Ted Baker brand so enduring?

Jason: Great brands resonate on multiple levels. They connect to us because of their values and beliefs as well as the products or services they offer. What they stand for is as important as what they sell. We run frequent and in-depth consumer studies at Ted Baker to find out exactly what people think, and the most impressive thing is the huge amount of goodwill people feel towards the brand. Ted Baker stands for positivity; it has a lightness, doesn't take life

too seriously and there is a feeling of inclusivity. All of this gives the brand a truly unique DNA which we must always hold in high regard as we grow and develop. There was a phrase from the early days of the brand that said, "it must be Ted at ten paces". It's a powerful idea – we must celebrate what makes us different and unique as a brand. Our customers are clear that it is this that makes Ted Baker no ordinary lifestyle brand.

"Ted Baker has always been about personal style and our marketing has to amplify that. It means putting the customer at the heart of everything we do."

Jason Beckley

Chief Customer, Marketing and Digital Officer



How are you refreshing the brand positioning?

Jason: Refresh is the optimal word, certainly not reinvent or reappraise. This is a brand that is highly recognisable and has really strong consumer affinity. We must build from what we are, what we're famous for and why we're admired. The Ted Baker code gives us all we need to stay relevant and contemporary. The aim is to refresh this code but to never lose sight of it.

How do you see Ted Baker's approach to marketing evolving?

Jason: We will be taking a content-driven, consumer-focused approach to communication, looking to develop and build a connected and engaged community around the brand that shares our values. At both customer level and with partners, collaborations and capsules, we're reflecting a lifestyle and want to be present in some way in many aspects of our customers' lives. We must keep the brand proposition fresh and innovative.

Ted Baker has always been about personal style and our marketing needs to amplify that. It means putting the customer at the heart of everything we do. It means looking at things in a holistic way and controlling our output with great discipline. We must view everything – stores, online, social channels – through the lens of our brand. We are proud to be the custodians of a very special thing here at Ted Baker – everything we do must be additive, always expanding and developing the Ted Baker philosophy.



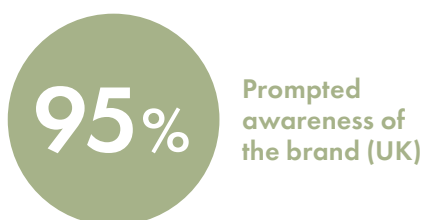
What is Ted Baker doing to get closer to its customers?

Jason: We have a brand first, customer-centric approach to our strategic development. So getting closer to the customer is paramount to our success. There is no magical formula for this, our approach is quite simple – we talk to them. Over the past 18 months we have built an impressive structure of insight and consumer data. We interview and interact with thousands of customers across our major markets each month and use their input as a basis for decision making. These are major qualitative and quantitative studies that provide a detailed and rich data set of choices, aspirations, demographics and reactions.

It gives us a window into our brand through a customer lens – it allows us to measure ourselves on what they think. We have now segmented our customers to a much more detailed level, and mapped them to our product and marketing creative process. This has given

us a strategy based on data that brings to life a real customer target – as it means we can now inspire them with exceptional creativity. What we do know and can evidence is the great affinity for Ted Baker by customers – perceptions of quality and being a brand worth buying is very strong. It's clear that our customers feel good when they wear Ted Baker and with prompted awareness at 95% in the UK and growing brand awareness in the US and Germany, we are building on very strong foundations.

Ted Baker's brand optimism, versatility, playfulness, the colour and prints – these are the elements we are known and wanted for. With everything we've learned, we know the brand is well positioned in customers' minds. It's an opportunity we can be confident in – now we can work together to cut through creatively and capture our customers' imagination as we ramp up our investment in the brand across our focus markets.



Expand our product and its relevance



CREATING DESIRABLE, BEAUTIFUL AND MORE SUSTAINABLE PRODUCTS

Anthony Cuthbertson, our Global Creative Director, explains how he and his team are approaching designing our new collections with an eye on the future. And **Cat Lee**, our Ethics, Communities & Sustainability Lead, shares how design and sustainability come together to create beautiful clothes and accessories that are kinder to the planet.

Growth driver 3

How has your approach evolved over the year?

Anthony: We have a very clear vision and strategy and, together with the team, we've taken the insights from our customer research and we're feeding that into the new ranges. It has been incredibly useful to see the data and understand why people are buying particular pieces from our website, in store or from one of our partners like John Lewis, Next, Zalando or Bloomingdales. It all helps evolve the new collections.

How does that play out in the clothes themselves?

Anthony: As a British global lifestyle brand, we always look at our history and what's going on in the world, then we play on that and our personality to deliver the essence of Ted Baker. The biggest thing I've learned is the importance of storytelling. Every Ted Baker fabric design, every element of cut and fit down to the smallest details – a button for example – must tell a story. This gives our marketing and customer teams a story to tell, through our digital channels and in store. It's a very powerful part of the brand DNA.

"Every Ted Baker fabric design, every element of cut and fit down to the smallest details – a button for example – must tell a story."

Anthony Cuthbertson
Creative Director



26%

of all materials
sustainably
sourced

We can do this more effectively with our new customer personas added into the mix and working to our design pyramid that captures the threads of core continuity, trend and concept. It means we can be more consistent in the way we tell the Ted Baker story through iconic prints like the magnolia flower or our Floral Street tartan. Much of this is inspired by our history but with a contemporary twist so it feels up-to-date but still very Ted Baker. This is what resonates with customers – it's not just a shirt or a dress, it's a Ted Baker shirt or dress, always unexpected, never ordinary.

What do you think the big changes will be over the next year?

Anthony: The world is changing fast and we want to deliver a vision and product that is relevant for customers today. With people going back to work, hopefully they will be buying more trousers and dresses rather than staying at home and buying slippers and dressing gowns! I see a move away from completely casual to a mix of smart casual. And people will be getting together for more formal occasions and events this year, which is a great opportunity for us. The other important thing is to really drive through new developments with fabrics and techniques. We must push the boundaries in sustainability. For example, we've taken a very successful bag that has been in the collection for many years and made it much more sustainable, so it retains the essence of the brand but is kinder to the environment.

Can you tell us more about Ted Baker's approach to sustainability?

Cat: We're looking at every aspect, across all our products and ranges with different materials. So the bag Anthony mentioned is a recycled puffer bag, made from 85% certified recycled polyester, which helps divert plastic from ending up in landfill – it can make a big difference and customers are actively looking for ideas and materials like this.

Another example would be in menswear with our Icon T-shirts launched back in August, which are made from 100% organic cotton. It's not always straightforward – there have been some challenges which have slowed us down a bit, particularly in the cotton supply chain.

We've also made big steps in sourcing leather from Leather Working Group (LWG) tanneries. We're now at 65% and we're aiming to source 100% of our leather from LWG or equivalent certified tanneries by 2025. In terms of our sustainable sourcing, overall we've managed to reach 26%, up from 17% last year, which is a huge achievement with the challenges of the pandemic to our supply chain.

How are you communicating all this to customers?

Cat: All our eCommerce packaging and retail bags are now FSC-certified and 100% recyclable. They will have a QR code on them that links to our sustainability website, so customers can get the full story about everything we are doing. The aim is to have 100% sustainable customer packaging by 2025, with all paper-based packaging made from recycled materials.

We've also brought in sustainability swing tickets on all our products in store, so customers can easily see which products are made with responsibly-sourced cotton, wool and recycled polyester. These products are evolving continually to comply with the CMA guidelines that launched in December 2021.



Drive our digital, omnichannel and capital-light growth



MAKING MORE FROM LESS

Jason Beckley and Helen Costello, our Group Commercial & Business Development Director, share how we will use our new digital platform to amplify our brand and how we work with investment from our partners to drive growth.

Growth driver 4

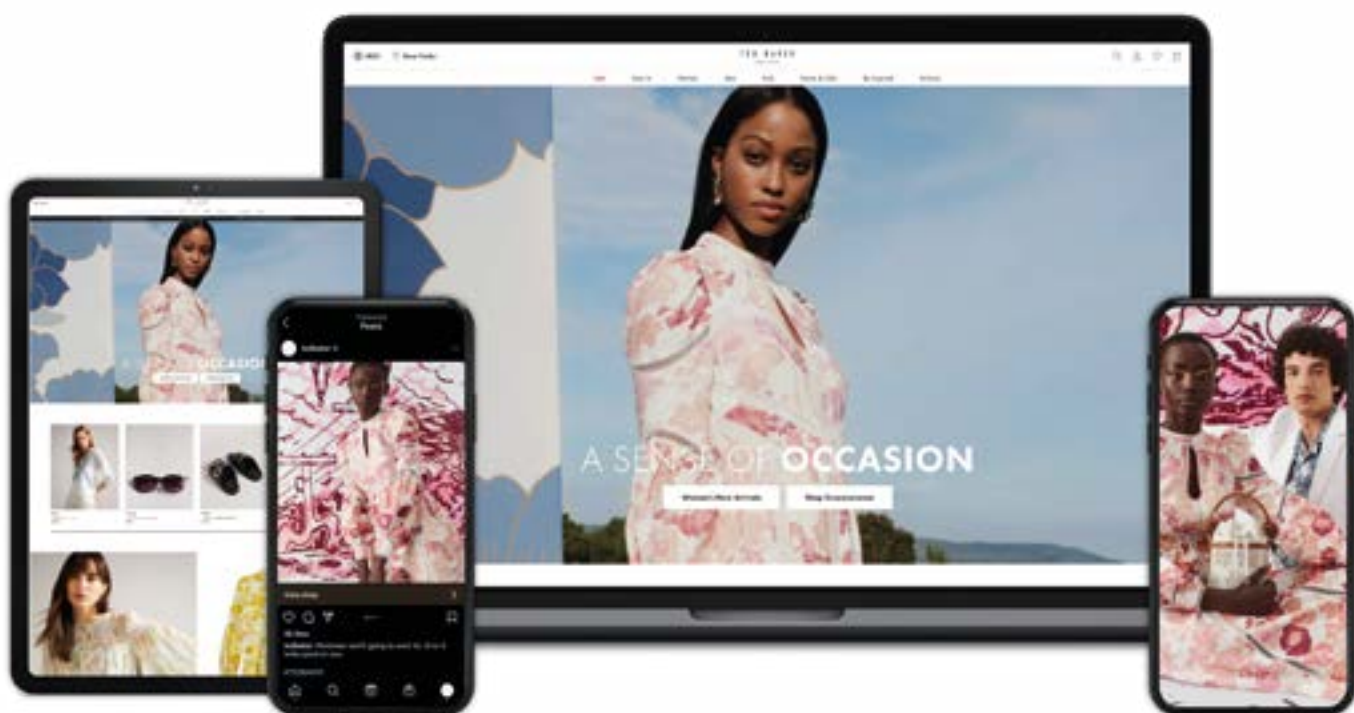
Tell us about Ted Baker's new digital platform

Jason: We've moved from a relatively standard digital solution to one that gives us the scope to develop our digital experience beyond standard online product purchase into a fully immersive digital eco-system. This will draw customers deeper into the brand and help us serve a connected community.

We're building an 'always-on Beta culture', so we can constantly evolve how we do things to give customers a deeper, richer experience when they come to tedbaker.com. Agility is

everything and this cloud-based digital commerce solution means we can move quickly to take advantage of growth opportunities in a flexible and agile way.

From a technology point of view, our new platform is a single point of access for customers everywhere. We can process orders anywhere in the world and the user experience has been carefully designed to make it a smooth, easy process. It's a starting point with huge potential to take the brand into a different world.





“It’s been a great way to test and learn what works well in a smaller store and the challenges it throws up.”

Helen Costello

Group Commercial and Business
Development Director

How do you extend Ted Baker’s reach to build a truly global brand?

Helen: One of the great strengths of Ted Baker is that we have a relatively small own-store footprint with a large global reach through our partnerships, with multiple routes to market. These include wholesaling, product licensing, franchises, concessions and digital platforms. Franchise partners are helping us build an international footprint in territories like the Middle East. And wholesale is the foundation for growing our presence in Europe, especially in key markets like Germany.

Can you tell us about Ted Baker’s new UK franchise partner?

Helen: We signed a three-year, three-stores-per-annum deal with Robert Goddard at the end of the year – they’ve been a very supportive wholesale partner for 20 years, with a strong track record. The aim is to open stores in locations we haven’t considered in the past. They’ll take on the capital expenditure and operations and we’ll work with them from a brand standpoint. It will increase our brand awareness and we expect to see a halo effect on our omnichannel sales.

We’re also working on a new omnichannel franchise deal in the Middle East. The franchisee will look after all the channels, from bricks-and-mortar stores to digital sales. As well as running stores, they will look after the digital back end – fulfilling orders and managing stock. It means they can manage the whole region more efficiently, maximising sales across all channels. Customers will get a better, joined-up service and it’s a capital-light investment for us.

How have you approached opening up in new, untapped locations?

Helen: We’ve been exploring new locations in the UK over the last year with smaller footprint stores in places we wouldn’t have traditionally focused on. We opened three stores – in Bromley, Exeter and Leicester – whose short-term leases and low capital expenditure allow us to be flexible and agile.

It’s really made us think outside the box. What can you achieve in 100 square metres? What’s the right balance of clothing and accessories, sizes and stock? Which customers should we focus on? It’s been a great way to test and learn what works well in a smaller store and what challenges it throws up.

£918m

**Brand
sales**

Scaling up in priority markets



A CAREFUL, STRATEGIC AND CAPITAL-LIGHT APPROACH TO GROWTH

We asked Group Trading Director **Tikki Godley** to talk us through the thinking behind sharpening our focus on key markets to grow the Ted Baker brand and business around the world.

Growth driver 5

Ted Baker has a large footprint across the globe – just how big is it?

Tikki: Ted Baker has a physical brand presence in over 50 countries with over 350 stores and concessions worldwide supported by a global digital proposition. We successfully operate different models – owned stores, territory franchises, franchises, concessions and wholesale and joint ventures – which depend on the maturity and size of a market and which support our capital-light growth strategy.

What does ‘sharpening your focus on key markets’ mean for Ted Baker?

Tikki: We have a large global footprint consisting of owned stores in some great locations, alongside strong franchise, JV and concessions partnerships across several markets. As the world emerges from the pandemic, there is significant potential to develop further in these existing markets.

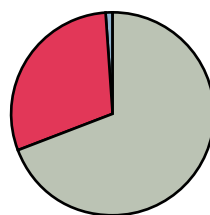
The key to making the most of this opportunity is focus and prioritisation – to not spread ourselves too thinly. We will concentrate on our largest markets, where we already have a strong brand presence, as well as markets where we see the biggest potential in the medium term.

“We will concentrate on our largest markets, where we already have a strong brand presence, as well as markets where we see the biggest potential in the medium term.”

Tikki Godley
Group Trading Director



Sales by region



In North America, we're excited about the huge potential for the brand. We are well-placed to deliver against this with a good existing physical, digital, product licence and wholesale brand presence – supported by a strong local team and well-established distribution across the continent. Over the year we consolidated our local sales, marketing and support teams into a beautiful new head office in central New York that includes trade showroom space to better showcase our ranges.

In Germany, one of the largest European markets, we will drive growth through the capital-light models of concessions and wholesale, with digital playing an increasingly important role.

In the Middle East, we are targeting scale through leveraging our franchise relationship with Al Futtaim, moving from purely franchise/retail to include a deeper partnership on wholesale, an improved digital business and a wider product offering across all channels.

China, although currently small in financial terms for Ted Baker, offers a huge opportunity in the medium and longer term. The brand resonates well with local customers, and we have an established local JV partner to support the expansion of our physical presence. We see a significant digital opportunity in the medium term.

What will you do differently in each market?

Tikki: Firstly, there are many things that will be the same and consistent wherever the Ted Baker brand shows up – our core brand values and the customer experience, to highlight two of them. We successfully operate and distribute across a range of physical and digital sales channels – wholesale, online marketplaces, concessions, franchise stores and owned stores and digital platforms.

As we grow in our priority markets, we seek to balance capital-light investment, brand control and direct customer connection – with wholesale models at one end of the spectrum and owned stores and digital at the other. Our approach is determined by the size of the prize combined with the need for specific local market knowledge to deliver it.

What about the other markets that you operate in?

Tikki: Our focus on priority markets doesn't mean that we will neglect other markets and our partners there. We'll continue to nurture and support them with the fantastic product and brand marketing they've come to expect from Ted Baker.

We'll continue to push for growth in these other regions through our wholesale customers and territory franchise partners, encouraging them to expand into new locations. Our JV in Australia is strategically important for us – given our partner's local market knowledge and strengths, the JV needs less management oversight from us.

What is the role of digital in driving international growth?

Tikki: Digital is often the first point of contact for both new and existing customers, so is central to Ted Baker's growth strategy both in our core UK market and globally. Our new web platform supports international sales and we can drive customer traffic through localised social and digital marketing. We also work closely with our territory partners to underpin their digital development – for example in the Middle East and Australia.





REVIEW OF THE YEAR

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Financial summary of the year

The first half of the year saw the business make great strides, building on our transformation plan despite ongoing challenges of the pandemic. As the vaccination programme gained pace, and people returned to the office and to socialising, we saw momentum building towards the end of the year, and we were optimistic that the second half would see us return a modest profit.



“We start the new financial year with optimism and confidence.”

Marc Dench
Chief Financial Officer

However, the unexpected onset of the Omicron variant and related restrictions saw this momentum slow through the important final quarter of the year. The good progress we've made on our financial foundations coupled with the positive sales performance we've seen when restrictions ease mean we are optimistic as we look ahead to the new financial year.

A YEAR OF GOOD PROGRESS

Overall, our financials demonstrate the continuing improvement in our underlying performance. Our loss before tax for the year of £44.1 million was £63.7 million better than the prior year. Excluding non-underlying items, our loss before tax improved by £20.8 million compared with the prior year to 38.4 million.

A positive trajectory

As restrictions eased, we saw trading in non-city centre stores and concessions in metropolitan areas coming close to (and in some cases exceeding) their pre-pandemic levels.

In addition to delivering top line sales growth, we continued to improve our underlying gross margin which was improved by 105 bps in the year from 54.1% to 55.2%. This improvement was supported by the sales mix – with an increase in in-store sales, and a strong improvement in our full price sales mix which was up over 800 bps. Starting the year with less aged stock plus buying discipline and a positive customer response to new ranges, in particular our A/W womenswear range, meant we were able to reduce promotional and discounting activity.

Our sales and gross margin performance were underpinned by a resilient supply chain through the year. Despite the well-publicised disruption to sea freight and HGV driver shortages, we managed to keep a smooth flow of product into our distribution centre and out to customers in the UK. In the US, disruption was a bigger issue and at times it was difficult to maintain desired stock levels in store. The costs of freight remained at elevated levels through the period reflecting these challenges.

The progress we've made and the positive signs seen through FY22 mean we start the new financial year with optimism and confidence.

Continuing focus on strong financial management

The disciplines of the transformation programme are now embedded in how we work, with a focus on managing cash and tight control over costs and financial commitments.

We have maintained strong relationships with suppliers and landlords and are very grateful for their support and flexibility as we all navigate through the operational and commercial challenges arising from the pandemic.

We continued to make good progress on improving our store lease flexibility and costs through the year.

Stock remains a key area of focus. We further improved our disciplines on planning, buying and managing stock, balancing the need to have enough stock to support consumer sales recovery across our channels with the objectives of managing our cash and improving gross margin.

All these factors helped us keep a tight grip on cash, with the year ending net cash positive with £3.1 million (2021: £66.7 million).

WELL POSITIONED FOR THE YEAR AHEAD

We start the new financial year with confidence and optimism. Confidence in our brand, product ranges, people and operating model. Optimism given the positive trends seen in the prior year combined with further easing of Covid restrictions domestically within countries and for international travel.

But our optimism is tempered with caution – the effects of inflation and the rising cost of living are very real, as are the ongoing challenges of managing disruption across the supply chain.

Facing into this demand and supply volatility means that forecasting – a tough job at the best of times – is harder than ever. The benefits from our transformation programme – a reduced fixed cost base, sourcing diversification, refreshed product ranges and more efficient ways of working, combined with the recent launch of our new global digital platform and the enduring strength of our Ted Baker brand puts us in a good position to navigate these unprecedented times.



Marc Dench

Chief Financial Officer

INTRODUCING MARC DENCH – CHIEF FINANCIAL OFFICER

What attracted you to the job at Ted Baker?

I'm a massive fan of the brand – I've been a customer of Ted Baker for over 20 years, so you could say it's in the blood! From a professional point of view, I've followed the brand's story as it's grown into a global lifestyle brand. I believe Ted Baker is hugely relevant across multiple categories here in the UK and anywhere you find it around the world.

What excited you about the role?

It's a very exciting time to come on board. Clearly Ted Baker has faced several challenges over the last three years, not least trying to turn the business around in the midst of a global pandemic! But by addressing those challenges with a smart transformation plan, the business is not only more agile and efficient but also, critically, it has maintained focus and discipline on developing the brand and products. The passion of the people and teams across the business is hugely inspiring too – from stores to our distribution centres to everyone who works in our head offices in London and New York.

What are the key strategies that will drive success at Ted Baker?

For me, it's about three things: purpose, people and discipline. Having clarity of why we're in business and what we stand for, combined with clear strategic priorities, means we can be ruthlessly focused on doing what we do as well as possible.

To achieve this requires the right people with a shared goal and attitude. It's not rocket science – we know from experience that highly engaged teams deliver greater returns for shareholders. The pandemic has driven all sorts of change, particularly in employee engagement and development, retention and recruitment. Dealing with these changes in a post-pandemic world is a real test of leadership.

Finally, discipline is essential. That means creating and maintaining innovative ways of working as well as ensuring consistency and rigour in our processes, our investment approach and how we deliver projects more effectively and efficiently.

What are your priorities for the new financial year?

Simple: to build on what's been achieved over the last two years and deliver the final year of our transformation plan. It's also about managing the transition from transformation to growth-focused initiatives. We also need to closely monitor and react to the rapidly-changing macro-economic conditions that are making things challenging for everyone. I have high hopes for what we can achieve this year.

How we measure progress

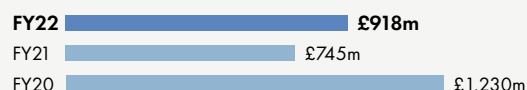
We review the ongoing performance of the Group against key performance indicators (KPIs) across financial, operational and sustainability factors. Below are the KPIs that the Board judges to be most effective in assessing the business as it moves through the transformation. These are considered in more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

As we discuss on pages 40-46, our people are critical to the success of the business; as we evolve our global culture we will align our people KPIs, and report on them in the future.

Group financial KPIs

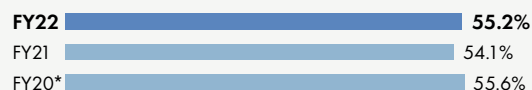
BRAND SALES

£918m +23.2%



UNDERLYING GROSS MARGIN

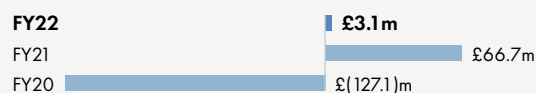
55.2% +105bps



* Please see note 3 to the financial statements for the change in presentation of delivery income from FY20 to FY21.

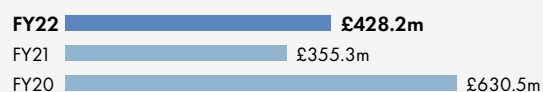
NET DEBT/CASH

£3.1m £(63.6)m



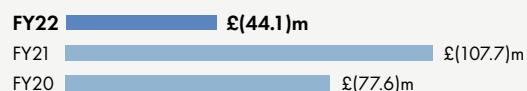
REVENUE

£428.2m +20.5%



(LOSS)/PROFIT BEFORE TAX

£(44.1)m +59.1%



Operational KPIs

FULL PRICE SALES MIX

Improvement in the proportion of our sales at full price is closely monitored as we move out of the pandemic and reduce discounting.

There was a significant improvement in FY22.

+810bps FY21 **-1890bps**



CUSTOMER METRICS

Active Customer base

The active customer base has shrunk slightly due to a decrease in the number of promotions during the year, but still up on FY20.

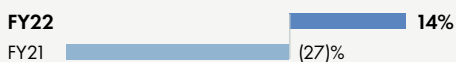
(5)% FY21 **8%**



AVERAGE ORDER VALUE (AOV)

An increase in AOV with the launch of new styles and ranges and reduction in discounting.

14% FY21 **(27)%**



PEOPLE COST SAVINGS VS FY20

We have delivered against the targets established within our transformation plan.

Target:

£27.0m

people cost on an annualised basis

Progress:

£31.0m

delivered on an annualised basis

Sustainability KPIs

COMMUNITIES

Target:

Launch of Ted's Diploma by 2022

Progress:

Piloted Ted's Diploma with 120 students in London

ETHICAL SOURCING

We have delivered against the targets established within our transformation plan.

Target:

100%

Tier 1 and 2 factories meet or exceed Ted Baker's minimum ethical requirements

Target:

100%

of workers in Ted Baker's direct supply chain to have access to channels to raise concerns and ideas by 2025

Progress:

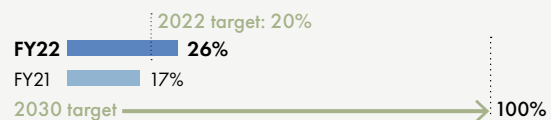
100%

Ethical audits on all Tier 1 suppliers and full transparency of all subcontracting units to include homeworking sites.

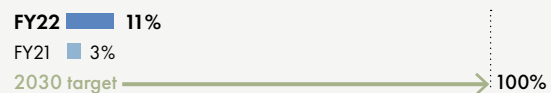
Mapped systemic issues in the supply chain – and piloted a worker voice program for roll out in FY23.

PLANET

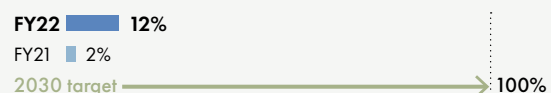
Target 100% of all materials to be from sustainable sources by 2030



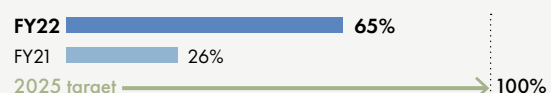
Recycled polyester



Responsible wool



Leather from Leather Working Group tanneries



Business review

This year has seen a robust performance by the Group, with a significant increase in revenues and gross margin, and narrowing losses with encouraging momentum through the year. All this has been achieved despite the ongoing challenges and disruption caused by Covid that continued to impact store openings and footfall. The pandemic also continued to hold back demand for our formal and occasionwear ranges.

CHANNEL PERFORMANCE

Ted Baker's total brand sales increased to £918 million in the year (2021: £745m) with an improved performance seen across all of our channels and markets. Brand sales represents management's estimate of the end retail sales value to the consumer including its own retail channels and those of its wholesale trustees, joint venture partners, territorial licences (franchisees) and product licensing sales.

Retail

Our retail channel comprises physical stores, concessions and eCommerce. We operate stores and concessions across the UK, Europe, North America and South Africa, with localised eCommerce sites in the UK, Europe, North America and Australia. Our stores play an important role supporting digital sales: driving brand awareness, showcasing our products, and giving customers a seamless experience for click and collect and order-in-store. Our stores also provide a fulfil-from-store service, which makes our store stock available to customers shopping online.

Covid disruption continued to affect the performance of our retail channel through the year. Most of our stores in the UK, Europe and Canada were closed for extended periods at the start of the financial year to comply with local lockdowns. As stores reopened during the first half of the year footfall remained well short of pre-pandemic levels but recovered as the year progressed. The success of vaccine rollouts and the reduced prevalence of the virus in many of our territories saw customers beginning to return

to the workplace and shops. We saw significant improvement in in-store sales through November and the first weeks of December, with some of our locations trading close to – or even above – pre-pandemic levels. The emergence of the Omicron variant in mid-December reversed this positive momentum. This coincided with the important trading period in the run up to Christmas, with restrictions and work from home guidance reintroduced across much of Europe and the UK.

We continued to make good progress on our store portfolio optimisation programme in line with our capital-light growth strategy. We closed a further 15 locations and opened seven stores during the period (excluding partner locations), while continuing to renegotiate improved lease terms. We transitioned our business with House of Fraser from a concession to a wholesale model – these sales are now reported within our wholesale channel from the second half of the year.

eCommerce revenue decreased 9.7% (-8.1% in constant currency)¹ in the year against a strong comparable period that saw growth of 24.8%. Sales in the prior year benefitted from store channels being closed, due to Covid restrictions, for a larger proportion of the period, and a higher level of promotion and markdown sales given the elevated stock levels due to the store closures. eCommerce sales in the current year delivered a significantly improved gross margin with a better full-price sales mix. On a two-year basis eCommerce revenue was up by 12.7% in constant currency.¹

Wholesale

Our wholesale business serves trade customers ('trustees') across the world. These are located primarily in the UK, Europe, and North America, we also supply products to our territorial licence partners (franchisees) and joint venture partners in China and Australia.

Many of our wholesale customers experienced the same Covid disruption as our own retail channels, and as such, demand remained below pre-pandemic levels.

In the UK and Europe, sales rebounded strongly against the previous year, ending the year up 48.2%. This performance was achieved despite ongoing disruption from Covid and distribution challenges to trustees in Europe due to Brexit in the first half of the year.

Demand in North America held up well, with a particularly good performance in the first half. This reflected the effect of the first wave of Covid in the previous year and despite adverse weather conditions and localised lockdowns impacting several of our wholesale partners.

Wholesale revenue overall increased by 30.4% (33.0% in constant currency¹) to £111.2 million (2021: £85.3m). Gross margin declined to 36.4% (2021: 39.6%), reflecting the customer and channel sales mix as sales demand recovered at different speeds across markets and partners.

Global Group summary

Group	52 weeks ended 29 January 2022	53 weeks ended 30 January 2021 (restated) ²	Variance	Constant currency variance ¹
Revenue	£428.2m	£355.3m	20.5%	23.2%
Gross margin (excluding non-underlying items)	55.2%	54.1%	105 bps	
Loss before tax (excluding non-underlying items)	£(38.4)m	£(59.2)m	+£20.8m	
Loss before tax	£(44.1)m	£(107.7)m	+£63.7m	
Loss before tax as a % of revenue	(10.3%)	(30.3%)	2000 bps	
Retail				
Retail revenue	£301.9m	£257.5m	17.2%	20.0%
Store revenue	£168.1m	£109.3m	53.7%	58.1%
eCommerce revenue	£133.8m	£148.2m	(9.7)%	(8.1)%
Gross margin (excluding non-underlying items)	59.9%	56.7%	310 bps	
Average square footage*	363,202	421,435	(13.8%)	
Closing square footage*	344,502	411,602	(16.3%)	
Sales per square foot* excluding eCommerce	£463	£259	78.4%	83.4%
Wholesale				
Revenue	£111.2m	£85.3m	30.4%	33.0%
Gross margin	36.4%	39.6%	(320) bps	
Licensing				
Revenue	£15.2m	£12.4m	21.7%	21.7%

*Excludes licence partner (franchisee) stores. Sales per square foot is based on average square footage.

1 Constant currency compares the performance in local currency at the same exchange rate for both periods, thereby removing the impact of exchange rate fluctuations between periods.

2 Prior year revenue, gross margin and distribution costs are adjusted to reflect the reclassification of delivery income from cost of goods sold to revenue and certain elements of delivery cost from cost of goods sold to distribution expenses. The prior year is reported on a consistent basis to FY22.

LICENCE INCOME

Licence income represents royalty income from territory licence partners (franchisees) and royalty income from product licences. Our partners for territory and product licences are carefully selected as specialists in their field. They share our passion for unwavering attention to detail and firm commitment to quality and who we consider will be good custodians of the Ted Baker brand.

Territory licences cover specific countries or regions primarily in the Middle East, Asia, Europe and Central America, where our partners operate Ted Baker branded stores under licence and, in some territories, undertake wholesale business.

Product licensing allows us to expand the Ted Baker brand across a broader range of products relevant to our customers' lifestyles. We work with carefully selected partners that share our passion for the Ted Baker brand and bring unique supply chain capability and/or retail and wholesale distribution. Our product licence partnerships cover:

- **Specialist clothing categories:** e.g. childrenswear, suiting, lingerie and nightwear, men's underwear
- **Beauty:** e.g. fragrance, toiletries, and skincare
- **Lifestyle accessories:** e.g., eyewear, watches, luggage, jewellery, and personal technology accessories
- **Home:** e.g. bedding, towels, wallpaper, and rugs

Licence income increased by 21.7% to £15.2 million (2021: £12.4m). We saw a good performance in the eyewear segment in North America and the UK, as well as from our partnership with Next for childrenswear and lingerie and nightwear. Sales in the formalwear segment remained subdued with Covid restrictions affecting return to the workplace and with fewer events such as weddings taking place.

COLLECTION PERFORMANCE

Ted Baker womenswear sales increased by 23.3% to £270.9 million (2021: £219.7m) and represented 66.1% (2021: 64.7%) of total sales. Ted Baker menswear sales increased by 15.8% to £138.7 million (2021: £119.8m) and represented 33.9% of total sales (2021: 35.3%).

Geographic performance

UNITED KINGDOM AND EUROPE

	52 weeks ended 29 January 2022	53 weeks ended 30 January 2021 (restated) ²	Variance	Constant currency variance ¹
Revenue (including licensing)	£297.4m	£248.7m	19.6%	20.2%
Total retail revenue	£204.7m	£183.9m	11.3%	12.1%
Store revenue	£99.7m	£67.3m	48.0%	49.7%
eCommerce revenue*	£105.0m	£116.6m	(9.9%)	(9.6%)
Average square footage**	222,816	276,437	(19.4%)	
Closing square footage**	203,367	269,283	(24.5%)	
Sales per square foot** excluding eCommerce sales	£447	£237	89.0%	85.7%
Wholesale revenue	£77.6m	£52.4m	48.2%	48.0%
Own stores	47	44	6.8%	
Concessions***	95	130	(26.9%)	
Outlets	19	21	(9.5%)	
Partner stores/concessions	12	10	20.0%	
Total	173	205	(15.6%)	

*Includes all revenue from eCommerce channels to customers outside North America, including non-European territories.

**Excludes licence partner (franchisee) stores. Sales per square foot is based on average square footage.

***Concession store numbers count multiple product locations ('mats') within one concession partner store as a single location.

1 Constant currency compares the performance in local currency at the same exchange rate for both periods, thereby removing the impact of exchange rate fluctuations between periods.

2 Prior year revenue, gross margin and distribution costs are adjusted to reflect the reclassification of delivery income from cost of goods sold to revenue and certain elements of delivery cost from cost of goods sold to distribution expenses. The prior year is reported on a consistent basis to FY22.

The UK and major European territories were affected by lockdowns during the first half of the year. In the UK, stores remained closed from before the start of the financial year until the middle of April 2021. Stores across our European markets were closed over the same period with a more gradual re-opening phased over the first half of our financial year.

When stores reopened, footfall remained below pre-pandemic levels, particularly in city centres and areas traditionally popular with tourists. As the year progressed, workers and shoppers started to return to city centres and trading performance improved, with some locations outperforming their pre-pandemic levels in November and the first few weeks of December. However, with the emergence of the Omicron variant in the middle of December, restrictions and/or work from home guidance were reinstated in several of our markets. This affected consumer confidence and store sales over the important Christmas trading period.

At the end of the first half, we transitioned our 29 concession locations within House of Fraser stores in the UK to a wholesale model, with sales from these locations reported through the wholesale channel through the second half. We closed three unprofitable outlets in Europe and eight concessions in the UK. In the UK, we opened one outlet store in Cannock and three new stores on flexible short-term leases with low fit-out costs. These smaller-than-typical stores have provided an opportunity to learn about performance in different locations and for different store configurations.

eCommerce sales declined against a strong comparative prior year performance with sales on the tedbaker.com website in part held by constraints of the legacy platform. Sales on third-party concession partner platforms saw good growth as we increased the number of product options available and further enhanced our ways of working with our partners. The gross margin on eCommerce sales improved in the year with an improved promotion stance and a higher mix of full price sales through tedbaker.com.

Retail sales in the UK and Europe increased by 11.3% (12.1% in constant currency) to £204.7 million (2021: £183.9m), with eCommerce sales representing 51.3% (2021: 63.4%) of the total. Despite the distribution disruption caused by Brexit and the continuing effects of the pandemic, demand from wholesale trustees and territory licence partners recovered well, increasing our wholesale sales by 48.2% (48.0% in constant currency).

NORTH AMERICA

	52 weeks ended 29 January 2022	53 weeks ended 30 January 2021 (restated) ²	Variance	Constant currency variance ¹
Revenue	£126.8m	£104.1m	21.8%	29.3%
Total retail revenue	£93.2m	£71.3m	30.8%	38.7%
Store revenue	£64.4m	£39.7m	62.4%	71.7%
eCommerce revenue	£28.8m	£31.6m	(8.9%)	(2.8%)
Average square footage*	131,570	137,894	(4.6%)	
Closing square footage*	130,653	135,215	(3.4%)	
Sales per square foot* excluding eCommerce sales	£490	£288	70.2%	79.9%
Wholesale revenue	£33.6m	£32.8m	2.3%	9.0%
Own stores	32	35	(8.6%)	
Concessions**	35	35	–	
Outlets	12	12	–	
Partner stores/concessions	16	16	–	
Total	95	98	(3.1%)	

*Excludes licence partner (franchisee) stores. Sales per square foot is based on average square footage.

**Concession store numbers count multiple product locations ('mats') within one concession partner store as a single location.

1 Constant currency compares the performance in local currency at the same exchange rate for both periods, thereby removing the impact of exchange rate fluctuations between periods.

2 Prior year revenue, gross margin and distribution costs are adjusted to reflect the reclassification of delivery income from cost of goods sold to revenue and certain elements of delivery cost from cost of goods sold to distribution expenses. The prior year is reported on a consistent basis to FY22.

Our North American business saw a good recovery from the previous year's challenges. Covid-related disruption and resulting travel restrictions affected footfall at the start of the year, particularly in key tourist markets such as New York, Los Angeles, San Francisco and Las Vegas. Our stores in Canada also remained closed under lockdown for a significant proportion of the first half. However, consumer confidence began to return in the spring as vaccination programmes rolled out and restrictions eased, with the return to offices and social activities driving demand for more formal and occasionwear.

Store sales increased by 62.4% (71.7% in constant currency¹) to £64.4 million (2021: £39.7m), reflecting the above consumer trends. We closed four stores in the year that were not considered financially viable, and opened one new location in San Antonio, Texas.

eCommerce sales reduced by 8.9% (down 2.8% in constant currency¹) as demand returned to physical channels, on a two-year basis eCommerce sales grew by 30.4%. eCommerce sales represented 30.9% of total retail sales (2021: 44.3%).

The retail gross margin rate improved year-on-year, driven by an improved full-price sales mix as we started the year with a cleaner stock position.

Wholesale sales increased by 2.3% (9.0% in constant currency¹) to £33.6 million (2021: £32.8m). This performance was supported by a strong first half of the year as demand from our trustees returned following the previous year's challenges.

We continued to deliver cost efficiencies in our North America business and consolidated all our North America teams into a new office and trade showroom in New York.

REST OF THE WORLD

Outside our UK, European and North America businesses, we pursue a capital-light growth strategy with a focus on working with partners for territory licences, joint ventures or wholesale.

Retail

We operate owned stores in South Africa, where we opened two new locations in Johannesburg and Durban, and now operate six stores in the country (2021: four stores). Total retail sales increased by 74.4% to £4.1 million (2021: £2.3m), up 69.4% in constant currency.¹

Territory licences (franchisees) and Joint Ventures

We have joint ventures in China and Australia, and territory licence (franchise) agreements in territories including the Middle East, India and South Korea.

During the year our territory licence partners opened one store in Kuwait, four in south-eastern Europe, two in India and one in Indonesia, and closed five in Asia and one in Europe.

Our joint venture in China (including Hong Kong and Macau) returned to growth despite consumer demand being affected by ongoing Covid disruption. Our partner opened five new stores during the period and closed three unprofitable locations. It now operates 22 stores and concessions across the region (2021: 20 stores and concessions).

Our Australian joint venture partner opened two new short-term lease stores during the year and now operates eleven stores in Australia and New Zealand (2021: nine stores).

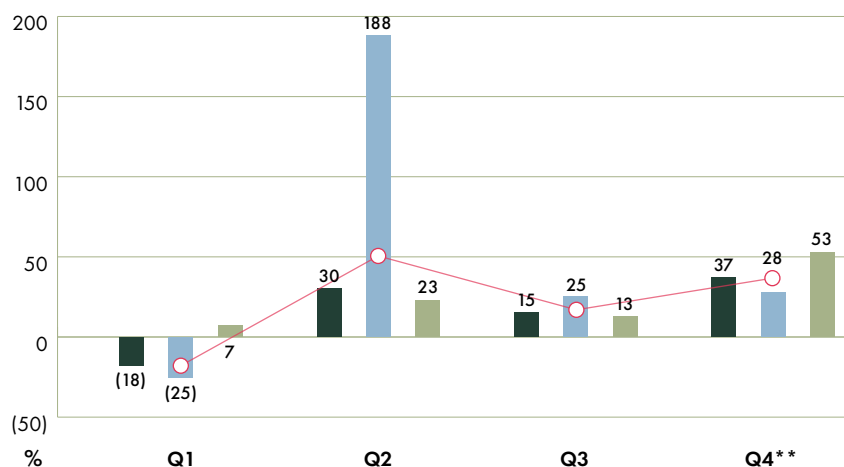
Product sales to our joint venture and territory licence partners are reported through our wholesale channel.

Financial review

While performance continued to be affected by the global pandemic, the benefits of the Group's transformation programme are now well embedded, with improved operational efficiency, robust cost control and rigorous appraisal for capital expenditure.

Group revenue increased by 20.5% (23.2% in constant currency¹) to £428.2 million (2021: £355.3m²). Several of the Group's stores, as well as those of our territory licence (franchisee) partners and wholesale trustees, were closed for most of the first quarter to comply with local lockdown restrictions. As the year progressed and restrictions were eased in many territories, we saw footfall and customer demand improve as well as a good response to our refreshed A/W '21 collection in the second half of the year. The emergence of the Omicron variant in December, and the reinstatement of restrictions and work from home guidance in several markets, resulted in a significant slowdown of this trend impacting the final six weeks of our financial year.

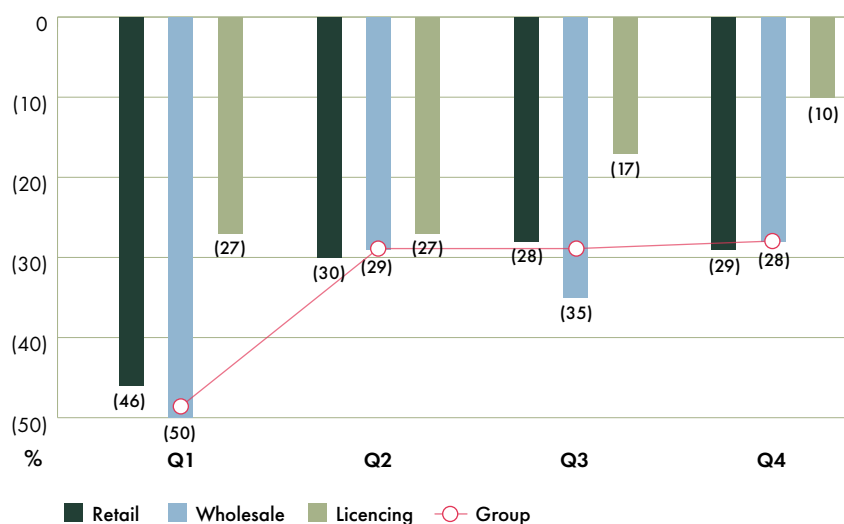
Year-on-year change in sales* (FY21-22)



*Sales variances calculated on sales excluding delivery income in all quarters.

**FY21 was a 53-week year – Q4 adjusted to show comparison on 12-week to 12-week basis, i.e., excluding week 53.

Two-year change in sales* (FY22 vs. FY20)



Notes:

- 1 Constant currency compares the performance in local currency at the same exchange rate for both periods, thereby removing the impact of exchange rate fluctuations between periods.
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Gross margin before non-underlying items improved by 105 bps to 55.2% (2021: 54.1% adjusted for change in basis²) reflecting the less challenging trading conditions and improvement in our promotional stance.

We started the financial year with a controlled inventory position which combined with the refreshed product ranges has allowed us to adopt a less promotional stance and begin to re-establish Ted Baker's premium brand positioning. The gross margin rate improvement was due to a significant improvement in the full-price sales mix, up 810 bps year-on-year, partly offset by additional duties and unrecoverable sales tax resulting from Brexit.

Distribution costs (before non-underlying costs), which comprise the cost of retail operations and distribution centres, increased by 3.7% to £184.1 million (2021: £177.5m, adjusted for change in basis²). Retail store operating costs increased as stores reopened, and lower levels of furlough and government subsidies were received relative to the prior year.

Administration expenses (before non-underlying costs) increased by 20.8% to £85.8 million (2021: £71.0m). Staff costs increased year-on-year as no furlough or subsidies were received for head office team members. We also continued to invest in marketing to support the future growth of the business.

LOSS BEFORE TAX, AND LOSS BEFORE TAX AND NON-UNDERLYING ITEMS

The loss before tax was £44.1 million (2021: loss of £107.7m), an improvement of £63.7 million in the year. The loss before tax and non-underlying items was £38.4 million (2021: loss of £59.2m), an improvement of £20.8 million in the year.

NON-UNDERLYING ITEMS

Non-underlying items before tax in the period amounted to £5.6 million (2021: £48.6m) and comprised the following items of expenses/(income) (see table below).

FINANCE INCOME AND EXPENSES

Net finance expenses were £8.2 million (2021: £7.7m). The IFRS 16 interest expense for the period was £5.5 million (2021: £4.6m (restated)). Net finance expenses before non-underlying items were £6.4 million (2021: £8.3m).

TAXATION

The Group tax credit for the period was £8.5 million (2021: credit of £21.3m).

An income tax credit is recognised on losses before non-underlying items at the forecast effective tax rate for the year. This effective tax rate is higher than the UK tax rate due to the revaluation of previously recognised UK deferred tax assets at the higher UK rate of 25%. The higher UK tax rate was substantively enacted at the balance sheet date and is effective from 1 April 2023.

£ million	52 weeks ended 29 January 2022	53 weeks ended 30 January 2021
Loss before tax and non-underlying items	(38.4)	(59.2)
Inventory changes in estimates	–	(6.1)
Onerous contract provision	1.2	(2.0)
Included in gross profit	1.2	(8.0)
Impairments	(3.0)	(45.3)
Restructuring and refinancing costs	(2.2)	(11.4)
New platform cost (SaaS)	(7.8)	–
Head office exit receivable	8.0	–
Gain on sales and leaseback of head office	–	17.4
Other	–	(2.0)
Included in operating loss	(3.9)	(49.2)
Foreign exchange & other items	(1.8)	0.7
Total non-underlying items	(5.6)	(48.6)
Loss before tax	(44.1)	(107.7)

Notes:

- 1 Constant currency compares the performance in local currency at the same exchange rate for both periods, thereby removing the impact of exchange rate fluctuations between periods.
- 2 Prior year revenue, gross margin and distribution costs are adjusted to reflect the reclassification of delivery income from cost of goods sold to revenue and certain elements of delivery cost from cost of goods sold to distribution expenses. The prior year is reported on a consistent basis to FY22.

The Group's future effective tax rate is expected to be broadly in line with the UK tax rate which aligns more closely with overseas tax rates from the point it increases to 25%.

CASH FLOW

Net cash flow for the period was an outflow of £54.4 million (2021: inflow of £15.2m), this reflects an increased investment in working capital as the Group returned to revenue growth (2021: net working capital inflow of £57.7m) as well as an increase in investment intended to support future growth, including the Group's new digital platform.

In the prior year, the net cash inflow of £15.2 million includes the sale of the Group's head office in London (the Ugly Brown Building) for net proceeds of £72.2 million, net inflow from the issuance of new equity of £97.8 million, a reduction in net working capital of £57.7 million and the repayment of £180 million of borrowing facilities.

Net cash outflow from operating activities was £23.4 million (2021: inflow of £52.6m). The improvement in loss before tax for the year was more than offset by an outflow from investment in net working capital and expenditure in the Group's new digital platform, the majority of which was on a cloud (or SaaS) based solution and, in accordance with the latest accounting guidance (IFRIC) has been expensed in the period rather than treated as an investment and capitalised.

Net working capital, which comprises inventories, trade and other receivables and trade and other payables, increased by £37.2 million to £82.8 million (2021: £45.7m), reflecting the return to growth of the business. Inventory increased by 17.3% to £103.1 million (2021: £87.8m) whilst sales increased 20.5% (23.2% in constant currency). We continued to exercise controls on inventory through the year.

BORROWING FACILITIES

The Group's net cash at 29 January 2022 was £3.1 million, reflecting a cash balance of £14.5 million and borrowings and overdraft of £11.4 million (30 January 2021: net cash £66.7m). The Group has a revolving credit facility ('RCF') of £80 million with a maturity in November 2023.

On 25 May 2021 the Group announced the extension to its RCF with its existing lending syndicate. The new agreement extended the RCF maturity from September 2022 to November 2023 and amended the covenants. Under the new agreement, the existing Facility A of £107.8 million maturing in September 2022 and Facility B of £25 million maturing in January 2022, were replaced by a new RCF of £90 million that reduced to £80 million on 30 January 2022 until maturity in November 2023. The amended RCF includes among other changes, amendments to the quarterly covenant tests on adjusted EBITDA, leverage ratio and fixed charge cover. The Group has subsequently agreed with its lenders to adjust the covenant tests over the remaining life of the facility to provide more headroom for the Group given the prolonged disruption of Covid and the impact of the Omicron variant on the Group's trading in the final weeks of the last financial year.

The existing lending syndicate continues to show ongoing support to the Group.

TREASURY RISK MANAGEMENT

The Group has exposure to foreign exchange fluctuations in relation to purchases made in foreign currencies, principally the US Dollar and the euro. We realise a high proportion of natural hedging of these currency exposures due to our business operations in North America and Europe. The Group's treasury risk management policy allows for foreign currency to be hedged for up to 24 months in advance.

The Group is also exposed to movements in exchange rates on intercompany balances denominated in a foreign currency. These are not hedged, and movement in foreign exchange rates can result in gains or losses being recognised in the income statement.

The Group is exposed to movements in UK, European and US interest rates as the revolving credit facility accrues interest. This is based on the relevant SONIA (for Sterling borrowing), EURIBOR (for euro borrowing) or SOFR (for US dollar borrowing) rate plus a margin. The Group does not hold any interest rate hedge contracts.

BREXIT

The 'transitional period' for Brexit ended on 31 December 2020, introducing several complexities into the Group's operations within, and distribution logistics to, Europe. The main operational effects have been on the flow of goods into the UK through the ports and distribution from the UK to stores, territory licence partners, wholesale trustees and eCommerce customers in Europe.

We have established a customs warehouse in the UK, which became operational in April 2021 and has partially mitigated the impact although we expect there to be an ongoing adverse gross margin impact on our European sales for the foreseeable future.

EARNINGS PER SHARE AND DIVIDENDS

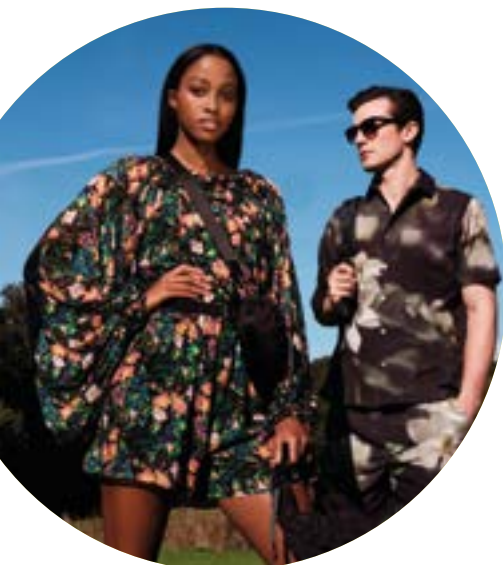
The basic loss per share was 19.3 pence (2021: loss per share 56.2p). Underlying loss per share, which excludes non-underlying items, was a loss of 16.4 pence (2021: loss per share 26.0p).

With consideration to the current trading conditions and our commitments under the RCF agreement, the Board has determined that no final dividend is to be paid in respect of the 52 weeks ended 29 January 2022 (2021: nil). The Board remains committed to reinstating shareholder distributions when it is financially viable and responsible to do so.



Marc Dench
Chief Financial Officer

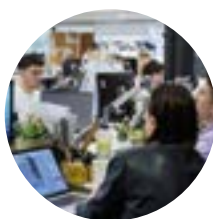
Caring for our people and planet



At Ted Baker, we want to do the right thing by our people and our planet. That means making sure we have the tools and processes to help our team members feel valued and we consider all our stakeholders – from our supply chain partners to our local communities – when making decisions.

It also means living by our belief that ethics and sustainability go hand in hand, ensuring we uphold the highest standards in our business and supply chains, treating everyone who comes into contact with Ted Baker with respect, working collaboratively to help our industry tread a lighter path. In doing so, we will realise our mission to ‘fashion a better future’.

We’ve organised this report around the four areas of our sustainability programme – and we were pleased to have made good progress in many areas, despite the ongoing challenges of the pandemic.



40

Our people

See how we are building a company that rewards our people’s commitment to our brand.



47

Communities and charity partnerships

Discover how we take a proactive approach to promoting positive working conditions and protecting human rights.



48

Our ethical sourcing programme

Explore how we play an active role in the community working with local partners and schools.



52

Planet

See the progress we have made in lowering our environmental impact by using more sustainable and responsible materials.

Our values

In April 2021, we launched a new set of global internal values, which we developed using feedback from team members across the business. These values will ultimately reflect our culture and help us make meaningful choices about the kind of company we want to be:

We are **AUTHENTIC**

We are **CURIOUS**

We are **COURAGEOUS**

We are **INCLUSIVE**

We are **KIND**

Highlights of the year

We made good progress across all areas of sustainability this year, including setting ourselves ambitious new carbon emissions targets, committing to reaching 100% absolute net zero in our

Scope 1 and 2 emissions and reducing Scope 3 emissions by 46% by 2030. The table below shares some of the highlights in other areas, collated by the value they support:

AUTHENTIC	We finished mapping our nominated mills to strengthen our ethical sourcing programme and provide greater transparency. Read more in our ethical sourcing section on page 48	We refreshed our sustainability communications in our stores, with: – new sustainable swing tickets – in-store screen messages about our sustainable sourcing targets. Read more in our planet section on page 56	
CURIOS	We launched our new Thrive at Ted learning and communication platform to encourage team members globally to share user-generated content and learn from one another. Read more in our people section on page 43	We partnered with external diversity and inclusion experts, The Unmistakables, to run an Inclusive Fashion workshop with external speakers discussing a range of inclusion topics. Read more in our people section on page 45	We became a founding signatory of UK waste recycling charity WRAP's Textile 2030 initiative and took part in the organisation's Textiles Action Week in October 2021 to help launch the initiative to our customers. Read more in our ethical sourcing section on page 59
COURAGEOUS	We launched our first global "Engage at Ted" survey to encourage our team members to speak up and share their views on working at Ted Baker. Read more in our people section on page 42	As part of our membership of the Textiles Exchange, we participated in several working groups to help accelerate the use of sustainable fibres in our industry. Read more in our ethical sourcing section on page 57	
INCLUSIVE	We continued to develop our new inclusion strategy, including running Ted Listens sessions to give team members the chance to share their views and ideas. Read more in our people section on page 45	We made progress on our gender pay gap action plan including introducing enhanced family leave benefits, improving our approach to flexible working and investing in our female talent development programme. Read more in our people section on page 46	We launched a leadership and mentoring programme with an all-female cohort of 21 leaders and 21 more junior mentees. Read more in our people section on page 44
KIND	We trained 30 team members in our UK office and retail business to become Mental Health First Aiders (MHFA). Read more in our people section on page 44	We relaunched our Ted Gives Back volunteering programme to encourage more team members to support causes close to their hearts. Read more in our communities section on page 47	We launched a pilot of our new Ted's Diploma programme at a West London secondary school. Read more in our communities section on page 47

Our people

Our people make Ted Baker – from our team in our head offices to team members out in our stores creating a welcoming environment for our customers. They deserve to work for a company that rewards their commitment to our brand, supports their wellbeing and helps them develop their careers and personal aspirations as part of the Ted Baker family.



Our people at a glance

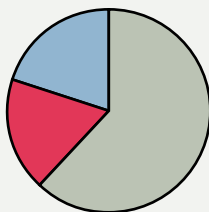
74

Total number of nationalities, including 37 in our London head office alone

2,224

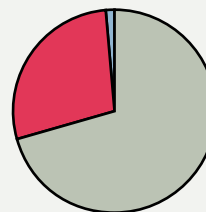
Total number of global Ted Baker team members²

Our ethnic breakdown¹



● White British and white other 62%
 ● Black, Asian and minority ethnic 18%
 ● Not known 20%

Our gender statistics²



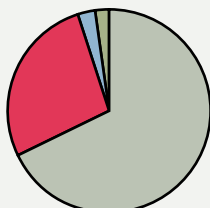
● Female 71%
 ● Male 28%
 ● Other/Not specified 1%

870

years of service!

We're really proud that this year (to end December 2021) we collectively celebrated 870 years of service – including 121 team members hitting service milestones. Four have been with us for 20 years, 33 for 10 years and the rest for five years.

Length of service



● 5 years 68%
 ● 10 years 27%
 ● 20 years 3%
 ● 25 years 2%

¹ As at 29 January 2022 – UK only

² As at 29 January 2022



REMARKABLE RESILIENCE IN ANOTHER BUMPY YEAR

There's no doubt that this has been another tough year, with ongoing disruption caused by the Covid pandemic continuing to create uncertainty at our offices, stores and distribution centres. Of course, the pandemic has also had a very personal impact on our team members and those closest to them, and this year we have learned not to underestimate the human toll on energy and personal freedom it has caused. This will influence and shape our culture as we define it in the year ahead.

In short, it is thanks to the hard work, optimism and determination of our teams that we have continued to evolve, set important new sustainability targets and uphold high ethical standards in our supply chains despite another incredibly bumpy year in the global economy. It is their commitment to Ted Baker and our values that mean we can begin to move beyond the pandemic's immediate shadow while continuing to transform our business in a way that will help build back our unique brand energy.

HELPING OUR TEAMS GET TO KNOW OUR VALUES

Launching our values in April 2021 allowed us to invest time exploring what they meant to each team throughout the business. This included running a six-week virtual Global Values Festival, which kicked off with a filmed conversation between our CEO Rachel Osborne and Chief People Officer Peter Collyer talking about the collaborative way we developed our values. Rachel also shared her thoughts in a separate video on the importance of belonging, which seemed particularly pertinent given the pandemic we had experienced.

We were pleased to see team members from across the globe get involved, with 39% of the total content uploaded throughout the festival being created and uploaded by team members themselves. Team members shared their self-created content and experiences via our new learning and communications platform, Thrive, from photos of their teams displaying the values in their own ways to articles that they found informative, to videos that have inspired



them and sharing ideas about how they could bring these values more into their day-to-day lives.

We'll continue to share and embed our values in the coming months and years and already have plans to incorporate them into our job descriptions, weekly team communications and website homepage.



INTRODUCING NEW PLATFORMS TO SUPPORT OUR TEAMS

As part of creating a more consistent approach to the way we support, nurture and listen to our teams, we launched three new platforms this year, which we will continue to invest in:

- **Engage at Ted** – our employee engagement platform, launched in September 2021
- **Thrive at Ted** – our digital learning and communication platform, launched in April 2021
- **Develop at Ted** – our online hub for team members to record and track objectives, feedback and ratings launched in March 2021.

Hearing from our employees via Engage at Ted

What our team members think about working for Ted Baker matters to us. Their ideas and feedback help us evolve our culture and their views and ideas were integral in the development of our new values.

Thanks to Engage at Ted we have, for the first time, a global snapshot of how our team members see our business. The survey revealed areas of strength like peer relationships and goal setting, demonstrating the care and support our teams show one another. And it has highlighted ways that we can improve, including how we reward team members, support mental health and wellbeing and help teams engage with our purpose and mission. We weren't surprised to see these areas come up given the impact of Covid and the challenges associated with our growth strategy, and we know we have more work to do.

Engage at Ted survey highlights

September 2021 launched a global employee engagement survey

78% response rate

16,000 comments to enable goal setting and forward planning

While listening is important, we must also act on what we hear. Since the survey closed, our Executive and Senior Leadership Teams have taken time to respond to feedback via the Engage at Ted platform and the majority of our business areas now have action plans in place to address priorities.

We also look for opportunities for our Board to hear from team members. Examples include engagement with the UK employee forum (known as the Fresh Eyes Forum) by our then designated Non-Executive Director for workforce engagement, Helena Feltham. Topics explored included internal communications, the company culture and the newly launched values. Some of the Forum representatives attended the Board meeting in November, to share their thoughts and reflections on life at Ted and meet the Directors.

As Remuneration Committee Chair, Andrew Jennings hosted a similar session with the Fresh Eyes Forum to discuss the Committee's role and the importance of governance, controls and reward across the organisation.



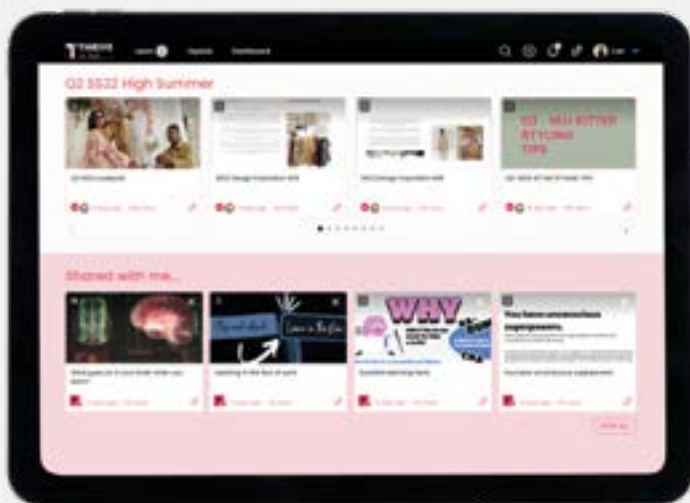
THRIVE AT TED

This is the new digital home for all our learning and development resources and communications materials. It provides everything from information to support new season launches and visual merchandising to training modules and supporting materials for key annual events such as Pride and Black History month. It also houses a range of support materials, on subjects like mental health and pandemic-related furloughing. We can even use the platform to run virtual events, such as our 'Time for Tea and a natter' events which encouraged people to meet virtually and chat with team members from other parts of the organisation who they may never have met previously.

This is our first global people system and while it contains all our key training materials, we've designed it to allow our 2,000+ team members to connect and learn from one another. They can do this by sharing their own content, commenting on other people's content and tagging one another. For example, store-based team members share styling tips and cross-sell opportunities for the new season's collection. Our retail teams are embracing it to the full!

Thrive at Ted has proved invaluable throughout 2021 when some of our stores remained closed due to the pandemic. It has allowed team members to stay up to date and engaged with the business. And as we've geared up to reopen those stores, we've used the platform to run a Retail Revival campaign, outlining how teams could kickstart store opening activities and providing any training they need in advance.

Since launching Thrive at Ted, the response from our team members has been incredible, with 87% of all team members being active users and 450,000 content views. What's more, 57% of all the content now on the platform was created by team members, versus 43% from our Learning and Development team. It was also nominated for an industry award.



"The interaction between different people, countries and departments creates a global vision of a great team that is more than ever united in this great project of development and transformation."

Sandra
Location Manager

DEVELOP AT TED

Develop at Ted is our new platform for colleagues to use to record and track their annual objectives. Individuals can also see feedback from their manager and any other team members and access their notes from their regular quarterly check-ins with their manager. This means that the assessment of an individual's performance is built up over the course of the year and notes and feedback are captured at the time, rather than relying on them being recalled at the end of the year. This results in a far more comprehensive, accurate and co-created review that properly reflects the performance of the individual.

Develop at Ted highlights

4,359 conversations held for
1,411 individuals

Over **4,800** feedback comments
given by over **550** people

2,132 user accounts enabled

DEVELOPMENT PROGRAMMES FOR OUR LEADERS AND NEW STARTERS

Our transformation plan isn't just about new systems and platforms. We also want to make sure our leaders have the skills and support they need to help us grow. This year we launched two leadership development programmes sponsored by our CEO Rachel Osborne. The first programme for the Executive Team covered a range of leadership attributes such as accountability, achieving results, managing conflict and building trust, all critical components in building a high performing Executive Team.

Our second programme is designed to support a cohort of 21 current Senior Leadership Team members and includes a mentoring initiative with a specific female-to-female focus. This initiative partners female leaders with more junior female team members, supporting female talent to move towards more senior and more highly rewarded roles. The response to date has been hugely well received by those participating.

We also created a new online induction pathway to help our new starters get to know Ted Baker's history and values and introduced an in-person 'New To Ted' induction workshop, where social distancing rules allowed. We also updated our mandatory new starter training modules – available via Thrive at Ted – on equality, diversity and discrimination, disciplinarys, grievances, appeals and whistle blowing to help them understand our expectations on these important issues.

Following the relaunch of our Apprenticeship Levy-funded training via an online hub in 2020, this year we were able to support 14 new apprentices across our Finance, Commercial, Retail and People teams. This is an important offering which we want to further utilise in the coming years.

We will continue to roll out new tools and processes throughout 2022, including a new management development programme currently under exploration for both new and experienced managers.



CREATING A CULTURE OF WELLBEING

One of the best ways that we can demonstrate our value to be kind is by making sure we support our team members' mental wellbeing. This year, we created a dedicated wellbeing channel, available on Thrive at Ted with more than 100 mental health and wellbeing resources. These covered subjects like looking after your wellbeing, dealing with anxiety at work, supporting others struggling with burnout, managing stress, dealing with uncertainty and financial wellbeing.

In 2021, we also worked with Mental Health First Aid England to provide training for 30 team members in our UK office and retail business to become Mental Health First Aiders (MHFA). This training involved professionally-qualified tutors explaining the stigma and discrimination around mental health and depression and enabled team members to identify, understand and help someone who may be experiencing a mental health issue.

We will continue to work with this organisation to train a member of the People Team in becoming an MHFA accredited trainer, so we can help even more team members develop their skills in this area and expand formal training to managers of teams.

In our retail operations, we ran mental health awareness training for all our UK location managers to give them the tools and skills they need to support team members who may be experiencing mental health problems.

We will continue to focus on wellbeing in 2022, with the launch of our new wellbeing strategy. We are designing this strategy in direct response to feedback from our team members during our first Engage at Ted survey, which told us we were below benchmark. We also learned that team members need more support when dealing with work-related stress.

CONTINUING TO DEVELOP OUR INCLUSION STRATEGY

With a presence in over 50 countries and team members from 74 nationalities, we're proud to call ourselves a truly global business. We want everyone who works for us to feel like they belong to a company where diversity and inclusion are as natural as breathing. To make this a reality we are continuing to develop our inclusion strategy and this year asked our team members to get involved.

Working with external diversity and inclusion experts, The Unmistakables, we ran a series of Ted Listens sessions, inviting team members from around the world to share their views and ideas. These sessions highlighted areas where we can improve and while rolling out our strategy has been slower than we would like due to the pandemic and competing priorities in this time frame, we don't want to rush. We are keen to create a thoughtful, well-informed approach to inclusion. This takes time but the result will include a clear three-year roadmap to help us create cultural change.

In the meantime, we continue to look for ways to keep learning. For example, we ran an Inclusive Fashion workshop in June 2021. This featured talks from external speakers, including an influencer with a gender fluid brand, an ethical fashion activist, a fashion and lifestyle creator and a TED talk speaker on non-binary representation. The workshop was designed to help expand our understanding of inclusion and the value of taking an inside-out approach. It helped generate ideas on the future direction we could take and reinforced the physical and mental impact on people living their lives, when inclusion was ignored. In all 75 team members participated, asking really interesting questions about inclusion and the importance of belonging.

In March 2021, we also signed the British Retail Consortium's Better Jobs Diversity and Inclusion Charter. The goal was to create retail jobs that are more productive, higher paid, fit for the future and more rewarding for the retail workforce, something we feel passionately about at Ted Baker.

74

Nationalities
at Ted Baker



MAKING TED BAKER A REWARDING PLACE TO WORK

We have taken some important steps in the past few years to create a more consistent approach to our reward and benefits programme, and we continued to focus our attention on this issue during 2021.

For example, we launched a new corporate bonus scheme that aligns an individual's reward with both the Company's financial performance and their performance against personal objectives. While we did not achieve the financial objectives element of the scheme, we did make a payment linked to performance. This rewarded team members on the achievement of their personal objectives part of the scheme.

We re-launched our Sharesave scheme for UK team members, giving them the ability to save money each month that they can then use three years later to buy Ted Baker shares. More than 100 eligible team members (8% of the team) signed up to the scheme in the first year.

Having rolled out our career-leveiling framework in 2020, we have now externally benchmarked our UK salaries and are using this information to ensure our pay decisions are market-aligned, fair and equitable. We have also developed market-aligned pay frameworks for our retail store teams.

Following consultation with our UK and international teams, we launched a new retail bonus scheme in 2022, which is linked to store revenue targets. The scheme gives team members the opportunity to earn more, as and when those targets are exceeded.

We've also introduced new benefits and revised some of our existing benefits policies. For example, we have:

- Introduced a new KiTfED policy in our Retail business, giving our retail and wholesale team members free kit to wear in-store
- We introduced a new family leave policy providing much enhanced maternity, adoption and paternity leave payments. This also reduced the time someone must work at Ted Baker before they are eligible for enhanced family leave. We have also introduced paid leave for any team member if they or their partner suffers pregnancy loss. This is over and above any required medical period.

"We are keen to create a thoughtful, transparent and well-informed approach to inclusion."

Peter Collyer
Chief People Officer



GENDER PAY GAP REPORT

As part of our commitment to reducing the gender pay gap we have:

- Signed the British Retail Consortium's Better Jobs D&I Charter – we commit to "increase diversity in the retail workforce and lead the way to becoming more inclusive employers"
- Adopted 'inclusive' as one of our new company values launched in April 2021
- Rolled out our new inclusion strategy. Through this, we will grow Ted Baker as a modern, representative fashion brand, that creates belonging and invites people in by giving everyone a voice.

Knock-on effect of Covid on our gender pay gap

The pandemic has held back our efforts to reduce the gap. As a result, our headline mean and median gender pay gap figures have increased from our previous reporting years. Our mean gender pay gap at 5 April 2021 was 26.8% – although this calculation only accounts for 60% of our employees because many were furloughed at the reporting date.

Communities and charity partnerships

We have played an active role in the local community for many years, creating education-focused challenges, masterclasses, talks and presentations for local partners and schools.

While Covid continued to affect some of this work, we were able to keep adapting to make sure we keep supporting our partners.

81

Boxes of warm clothing sent to Care4Calais for refugees entering the UK

500

Pairs of socks donated to the C4WS Homeless project

UBB

Kitchen equipment and food from the Ugly Brown Building donated to the social enterprise Cook for Good for the Peabody Estate

LAUNCHING TED'S DIPLOMA

As the world begins to move beyond the immediate impact of the pandemic, we've also started to get back to work on projects that support education and young people. For example, in early 2022, we launched our new Ted's Diploma and ran a pilot with 120 students at a West London Free School.

The Diploma helps secondary school students studying for their GCSEs get a better understanding of what it's like to work in fashion retail and the kinds of subjects and further education they'd need for a career in our industry. We designed the programme with help from Camden Council's STEAM Commission and it includes a series of videos and challenges. Examples include our Sustainability challenge, which was to design a sustainable product, focusing on considerations such as material type, longevity, location of production and what production techniques would need to be used.

Our design challenge involved creating a mood-board for Ted Baker's S/S '22 collection inspired by the 1970s.

Once students have completed the tasks, they receive a Ted's Diploma certificate.

"The content for the Ted's Diploma is excellent. The broad range of resources and authentic challenge assignments will enable young people to experience a diverse range of careers at Ted Baker/in the fashion industry. The excellent design briefs will enable young people to develop business ready skills and attributes – supported by expert insights and criteria from Ted Baker specialists."

Richard Donnelly
STEAM Schools Manager



TED GIVES BACK

All team members who work at our head office in London and our distribution centre in Derby are entitled to a day off each year to take part in our volunteering programme Ted Gives Back. We re-launched the programme in early 2022 to encourage more people to get involved. In the past, anyone taking part in Ted Gives Back could only volunteer for our nominated charity partner. However, we recognise that volunteering is a deeply personal choice, so we've expanded our charity partner list to include suggested causes near both offices. But these are only suggestions, so we're also giving participants the option to share their skills and knowledge with a cause close to their hearts.

Our ethical sourcing programme

We have a responsibility to look after everyone who creates, makes and wears our products. That means taking a proactive approach in promoting positive working conditions and protecting human rights. And it means working with like-minded partners who share our commitment to maintaining safe and fair labour practices and minimising their impact on the environment.

Our global supply chain

We work in a complex global supply chain that affects the lives of thousands of people around the world.

>160 Factories

19 Countries

approx. 40,000 People

>65% Are female

7,000 Migrant workers

Our top sourcing territories are:

China

Turkey

India

UK

Portugal



STAYING FOCUSED ON STANDARDS IN A CHALLENGING YEAR

Our Ethical Code of Conduct and auditing programme are important ways in which we can be sure our supply partners meet our expectations. We ask all our suppliers to adhere to and implement our Code, which outlines the minimum standards for safe, fair and decent work that we demand from our suppliers.

We also expect any supplier who makes Ted Baker products to conduct third-party annual ethical audits of their factories and processes, to ensure they keep improving their practices and processes so that their standards stay up to scratch.

Despite the challenges, we have continued to raise awareness on key supply chain issues this year, including introducing mandatory Modern Slavery training for all our team members. Available via our Thrive at Ted platform, it provides guidance on how to identify the potential signs of slavery and highlights the role everyone can play preventing it. We also expect suppliers and new starters at Ted Baker to complete the training as part of our on-boarding process.

In 2022, we intend to roll out purchasing practice guidance to all our Sourcing and Production teams to help them understand the implications their decisions have on factory workers. This will cover areas such as how changes made at product sampling stage could potentially adversely affect working hours. This means we need to give factories clear forecasting so they have an earlier and better understanding of our plans. And since it's essential that we stay in regular touch with our suppliers, we look for ways in which we can understand each other better to prevent any delays.

OUR APPROACH TO ETHICS AND COMPLIANCE

We see ethics and sustainability as a partnership, helping us develop better ways of working and more responsible business practices as we grow. That's why we ask our sourcing partners and suppliers to agree to meet Ted Baker's five minimum ethical and sustainability requirements:

1. Agree and adhere to Ted Baker'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, BSCI.¹
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 on, or certification of, sustainable materials and environmental performance, as requested.
5. Be transparent with us³ and agree to appear in our six-monthly factory list and provide details of subcontractors and homeworkers.

Our Ethics and Sustainability Team works closely with our Sourcing, Production and Buying departments to ensure all potential new suppliers go through our rigorous screening process. Checking that suppliers adhere to our Ethical Code of Conduct is also an integral part of our on-boarding process.

OUR ETHICS AND COMPLIANCE POLICIES

We publish our key ethics and compliance policies online at tedbaker.com, including:

Ted Baker's Ethical Code of Conduct:

outlines all commitments we require of our partners and factories, based on international conventions including The Ethical Trading Initiative Base Code and The United Nations Universal Declaration of Human Rights and the Acts. We review our Code on a regular basis to ensure it is effective and in line with regulations.

Vulnerable Workers Policy: sets the standard to protect 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: outlines our minimum requirements for third-party partners for ethical standards and sustainable fibre sourcing.

Animal Welfare & Responsible

Materials Policy: underpins our commitment to responsible sourcing and fair treatment of animals and includes our list of banned and restricted materials.

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.



MONITORING AND ADDRESSING OUR SUPPLY CHAIN RISKS

Complex supply chains come with inherent problems and we face key issues in two of our largest sourcing countries. The use of unauthorised subcontractors is a significant risk in our supply chain, so we take extra care to review subcontractor sites to ensure they meet our ethical and sustainability requirements. We define a subcontractor site as any facility or domestic premises (homeworkers) making goods or carrying out manufacturing processes outside the principal factory that supplies Ted Baker directly. In Turkey, the use of multiple subcontractors is a key challenge.

To ensure such visibility, in 2020 we engaged a third-party to conduct an ethical audit for all sites that perform cutting, stitching and finishing. In 2021, we continued to map subcontracting units undertaking all secondary processes, which included homeworking, to ensure we have further visibility of this area of our supply chain. We continue to request updated information on our subcontractors annually to gain further visibility throughout our supply chain, and minimise risk.

Covid has continued to affect our ability to carry out audits this year, although we remain committed to this auditing process and review the situation on a factory-by-factory basis. For example, we have offered some factories a grace period between audits to keep workers and auditors safe during the pandemic. We have also faced ongoing delays in training and documentation. For example, many organisations have put regular first aid training for their employees on hold. Another example is the struggle to get copies of documents from governing bodies following inspections – things like building permits and fire risk assessments.

In May 2021, we joined Sedex, an organisation that provides a technology platform, tools and data and works with businesses to improve working conditions and responsible sourcing practices within supply chains. As a member we are now able to centralise the way we collect audit information, giving us greater insights into systemic issues.

Taking a tough stance on forced labour

Forced labour is a particular risk in garment industry supply chains and Ted Baker continues to have a zero-tolerance policy on this. This is clearly stated in our Ethical Code of Conduct, and the independent third-party ethical audits assess factories on our behalf to ensure they are not using forced labour.

Our Ethics and Sustainability Team continues to monitor all ongoing global claims of forced labour in our sourcing countries that are considered critically high risk. This includes continuing our 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 the utmost due diligence for the protection of workers.

We have not found any evidence of forced labour in our supply chain this year and we continue to monitor our factories and mills closely and work with our trusted suppliers and third-party partners. Should we discover such practices, we would take immediate action and communicate what we have done openly with our stakeholders. We are currently documenting our remediation policy, which we intend to publish later in 2022.

SHARING INFORMATION ABOUT OUR SUPPLY CHAIN

Understanding where and how Ted Baker products are made is an essential part of our ethical sourcing programme and we want to make sure that we share that information with our stakeholders.

We update our Tier 1 factory list every six months and publish it on our website. In 2021, we started including our licence partners' factories. We also supply this information to the Open Apparel Registry (OAR) – a database of global apparel factories listed in one central, open-source map. This year we also added this map, which includes our Tier 1 and Licensee factories, to our own website. We will aim to add our unominated cotton mills by the end of 2022 and begin mapping our Tier 2 factories to increase the visibility of our supply chain. In the future, we will also look to add more data to the map, such as product type, number of workers and parent company.

In 2021, we finished mapping the subcontractor sites that our Tier 1 factories use, which went beyond cut, make and trim processes to include homeworkers. This provides us with much greater visibility across our supply chain. We will continue to monitor all our subcontractors regularly to ensure we have the most up-to-date information.

In the future, we aim 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, which we aim to publish later in 2022. We also plan to map further down our supply chain to build a clear picture of the suppliers who provide components, hardware, trims and fabric.

MODERN SLAVERY STATEMENT

We are committed to ensuring no modern slavery exists in our business or our value chain and publish our Modern Slavery statement annually to reflect the risks within the jurisdictions where we operate today and may work in the future. Before we consider entering any new territory, our Ethics and Sustainability team conducts a comprehensive risk review.

Our Modern Slavery statement is available at tedbakerplc.com.



Our planet

Single-use packaging, fast fashion and wastefulness have all left their mark on our planet. We have a responsibility to help address these issues, by lowering our own environmental impact, incorporating more sustainable and responsible materials into our collections and carefully managing the materials we use and the energy we buy. We have made some good progress in recent years. For example, all of our digital sales and retail bags are now made with FSC paper packaging.

Our planet at a glance

Our carbon targets
In 2021, we took a crucial step committing ourselves to reach **100% absolute net zero in our Scope 1 and 2** emissions and reducing Scope 3 emissions by **46% by 2030**, using 2019 as a baseline.

TARGET	TARGET	TARGET
100%	30%	60%
Renewable energy at all sites (Scope 1&2)	road freight to be electric (Scope 3)	of our factories to use renewable energy (Scope 3)

PROGRESS
26%
Sustainable materials in all our collections

PROGRESS
60%
of our cotton is organic, recycled or Better Cotton-certified cotton

PROGRESS
65%
Leather from LWG or equivalent certified tanneries

PROGRESS
11%
of our polyester recycled

PROGRESS
50%
Recycled content for all of our polythene bags



A CLIMATE STRATEGY FOR NET ZERO

Reducing our carbon and waste footprint is an obvious and pressing challenge and we've continued to work with experts at Carbon Intelligence to develop our climate strategy, focusing on areas we can directly influence.

In 2021, we took a crucial step, committing ourselves to reach 100% absolute net zero in our Scope 1 and 2 emissions and reducing Scope 3 emissions by 46% by 2030, using 2019 as a baseline, being the most recent 'normal' year of trading.

To achieve this, we have also set a series of supporting targets to reduce our emissions:

- 100% renewable energy across all our global sites
- 30% of all our road freight to be transported via electric vehicles
- 60% of the factories our suppliers work with are to be powered by renewable energy
- Embed more sustainable materials and manufacturing practices in our raw material and product specifications.

Our climate strategy has been submitted to the Science Based Targets initiative awaiting approval. Once approved, this gives us confidence that we have put the right practices and processes in place across Ted Baker to reduce our carbon footprint.



While our strategy gives us a roadmap between now and 2030, we will need to ensure we track and report on our progress against our targets. Our new internal Carbon Steering Group will help us do that. The Group's membership is made up of leaders from across Ted Baker who are now responsible for delivering our climate strategy. They are also individually responsible for managing and addressing climate change risks in their individual businesses.

And since no one company can address climate change on its own, we have also signed up to the British Retail Consortium's (BRC) Climate Action Roadmap, which aims to decarbonise the retail sector by 2040.

Our baseline carbon footprint

Our Scope 1 and 2 emissions make up just 2% of our entire emissions. By far our biggest carbon challenges lie in our supply chain, since 97% of all our emissions are classed as Scope 3. We know that the fibres we use to make our collections represent our biggest environmental footprint.

We were able to see exactly how big by mapping our baseline carbon emissions. This process showed us that 41% of our Scope 3 emissions come from the materials we use. It also showed that animal products make up 68% of our textiles emissions and that wool and leather are Ted Baker's most emissions-intensive materials. In the case of leather, this is due to the intensive cattle ranching associated with the meat industry, from which all our leather is a by-product.

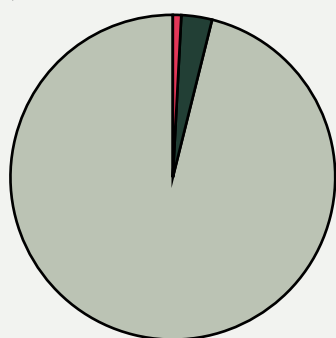
While our focus for 2022 was on setting the baselines for reporting against our new targets, we did begin to make some progress, with some early initiatives to reduce our Scope 1 and 2 emissions. One key initiative is that, from calendar year 2022, all new company cars will be hybrid vehicles.

Our focus for 2023: reporting against our targets

In FY23, we want to ensure we have the processes in place to measure our emissions accurately. We are working across all key business areas to collate and monitor the data, from recording energy usage in stores for Scopes 1 and 2, to mapping all our transport and logistics data for Scope 3.

Our baseline carbon footprint

(2019) tCO₂e



● **Scope 1** 0.4k
 ● **Scope 2** 4.0k
 ● **Scope 3** 119.0k
Total 123.4k

Scope 1	%
Gas	0.3
Scope 2	
Electricity	2.9
Scope 3	
Textiles (including wool, leather, polyester and cotton)	41.1
Other purchased goods and services	14.0
Manufacturing	13.8
Use of sold products	13.7
Capital goods	6.1
Employee commuting	2.3
Waste generated in operations	2.1
Business travel	1.1
Upstream transportation and distribution	1.1
Packaging	1.0
Fuel and energy-related activities (not included in Scopes 1 or 2)	0.4
End of life treatment of sold products	0.2

FY22 ENERGY AND 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 2021 to 31 January 2022, our measured Scope 1 and 2 emissions (location-based) totalled 3,267 tCO₂e. This comprised:

Scope	FY22			FY21			FY20
	UK	Rest of world	Total	UK	Rest of world	Total	Total
1	220	97	318	141	120	261	369
2 – Location-based	1,082	1,867	2,949	797	1,225	2,022	3,553
2 – Market-based	0	2,194	2,194	0	1,328	1,328	3,553
Total Scope 1 & 2 – location-based	1,303	1,964	3,267	938	1,345	2,283	3,921
Total Scope 1 & 2 – market-based	220	2,291	2,512	141	1,448	1,589	3,921
Scope 1 & 2 intensity – market-based			0.00000777 tCO ₂ e/£rev	0.001 CO ₂ e/sq ft	0.07 CO ₂ e/sq ft	0.004 CO ₂ e/sq ft	0.009 CO ₂ e/sq ft
Scope 3			2,774	N/A	N/A	2,600	149

Overall, our Scope 1 and 2 emissions (market-based) have increased by 58% in the year. The impact of Covid restrictions has meant that stores and concessions have been open for business across the world, increasing worldwide energy consumption.

We have opted for measuring our intensity impact to tCO₂e per £ revenue on account of this being more accurate than the global floor space metric.

Our measured Scope 3 emissions totalled 2,774 tCO₂e. Our material contributions are through Ted Baker concessions and fuel- and energy-related activities.

During the year our total fuel (natural gas) and electricity consumption (not including concessions) totalled 9,888 MWh. The split between fuel and electricity consumption is shown in the next table.

Energy consumption (MWh)	FY22			FY21			FY20
	UK	Rest of world	Total	UK	Rest of world	Total	Total
Electricity – not concessions	5,268	4,619	9,888	3,495	3,151	6,646	11,410
Fuels ¹	984	48	1,032	766	48	814	1,728

¹ Natural gas

Methodology

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

- **Scope 1:** Natural gas, owned or 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):

- The location-based method, using average emissions factors for the country in which the reported operations take place, and
- The market-based method, which uses the actual emissions factors of the energy procured.

RESPONSIBLE MATERIALS

While the materials we use represent a significant part of our carbon footprint, they can also have an impact on the environment in other ways. This might be caused by using non-renewable oil sources to produce synthetics like polyester or the intensive water and chemicals needed to manufacture conventional cotton. It can also include the risk of deforestation by the cattle industry where our leather is a by-product. The reality is every material has the potential to create an adverse environmental effect if it is not sourced responsibly.

Addressing all these areas is a huge challenge for our whole industry. But it is a challenge that Ted Baker is tackling head on with a commitment to switch to 100% more sustainable materials in all our collections by 2030.

We made excellent progress this year, reaching 26% more sustainable materials overall. This is 9% higher than 2020 and would not have been possible without the support of many of our departments including our Design, Production, Sustainability, Sourcing and Buying teams.



While we are delighted with this achievement, our work to source sustainable cotton took a substantial knock this year, with the amount we were able to source falling to 60%. This is down from 69% in 2020 and short of our internal 2021 interim target of 75%, which we set to keep us on track to achieve 100% by 2024. There are a number of reasons for this decline, which we outline on in our cotton section on page 57. We also provide more detail on progress against specific targets in our key materials categories in their relevant section.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We are at an early stage of considering the climate-related risks that we face, however our initial view is that the most material climate-related risks are likely to be in relation to:

- Impact of climate change, such as higher temperatures and water shortages, on the price and availability of raw materials, such as cotton, on which we are very dependent
- Increased demands from customers for more sustainable clothing, which is both a risk and opportunity – a risk if our sustainability performance is not seen to live up to our customers' aspirations and an opportunity, if our sustainability performance is seen to lead our peers.

Our sustainability strategy is discussed on pages 52-59.

We have set out our progress against the TCFD guidance and compliance, on a comply or explain basis, with Listing Rule 9.8.6(8) at page 170.

PROGRESS AGAINST OUR 2030 SUSTAINABLE MATERIALS TARGET

Interim target	2022 % sustainable	2021 % sustainable	2020 % sustainable
By 2030, we will switch to 100% more sustainable materials in all our collections	26	17	12

COTTON

Interim target	2022 % sustainable	2021 % sustainable	2020 % sustainable
100% of our cotton is organic, recycled or Better Cotton certified cotton by 2024	60	69	51

RECYCLED POLYESTER

Interim target	2022 % sustainable	2021 % sustainable	2020 % sustainable
100% of our polyester to be recycled by 2030	11	3	3

LEATHER

Interim target	2022 % sustainable	2021 % sustainable	2020 % sustainable
100% of our leather to come from LWG or equivalent certified tanneries by 2025.	65	44	26

HELPING OUR CUSTOMERS MAKE BETTER CHOICES

We want to make it as easy as possible for our customers to shop more sustainably. At the same time, countries like the UK have introduced new legislation to hold businesses to account on misleading environmental claims.

To address both, we refreshed our sustainability messaging across all our communication channels in 2021, including adding sustainable swing tickets (certified by the Forest Stewardship Council – FSC) to all our cotton, wool and polyester products that contain 50% or more sustainable alternatives, such as recycled polyester. We also added key messages about our sustainable sourcing targets to our in-store screens and switched all our retail bags and digital sales boxes to 100% FSC-certified and recyclable cardboard.

To equip our retail teams with the knowledge to promote these sustainable attributes to our customers, we introduced retail sustainability product knowledge packs in 2021, which are shared on a monthly basis to the team for any new styles launching.

To continue raising customer awareness of Ted Baker's 'Sustainable Shop', formerly known as the 'Conscious Shop', launched in 2020, we added new badges to products that contain 50% or more responsibly sourced materials. This shows customers that these products were made using smaller quantities of water, energy or chemicals.

And we continue to add new styles to our collection made from responsibly sourced materials. For example, we launched our new puffer bag range made with 100% recycled polyester, backed by our first sustainable product marketing campaign to our customers in 2021.

In January 2022 we launched our athleisure and magnolia-print branded products, made with sustainable materials like organic cotton and recycled nylon. We expect to launch more sustainable product campaigns later in the year.



“We continue to add new styles to our collection made from responsibly sourced materials, for example our athleisure and magnolia-print branded products, made with sustainable materials like organic cotton and recycled nylon.”

Cat Lee

Ethics, Communities and Sustainability Lead

Cotton

Cotton follows an enormously complex journey from farm to shop floor, passing through many stages in the supply chain before it is sold as a product.

In 2021, Ted Baker sourced 926 tonnes of cotton, representing 27% of all the materials we used in the year. Given that cotton is our most used material, it is essential we stay vigilant to the possibility of forced labour being used in our supply chain. We must also minimise our reliance on conventional cotton cultivation, which requires large quantities of water and chemicals.

We are proud of our track record in this area, having been a member of the Better Cotton Initiative (BCI) since 2016. BCI is a non-profit organisation that promotes better standards in cotton farming and practices. Over the past six years we have steadily increased the quantity of Better Cotton – the certified cotton we use in our collections.

However, that quantity fell to 60% this year (versus 69% in 2020) and is short of the 75% target we'd set ourselves. This is disappointing and the fact that we sourced 7% more cotton than we had originally planned is due, in part, to an increased use of cotton canvas within our accessories collections.

Sourcing Better Cotton-certified cotton remains incredibly important if we are going to achieve our goal to source 100% more sustainable cotton by 2024. So this year we will be working closely with our suppliers to set Better Cotton-certified cotton as a minimum requirement for 2022, delivering training in sourcing Better Cotton and how they can submit the correct certification, known as Better Cotton Claim Units (BCCUs). We also intend to work with our mills to help spot potential sourcing challenges earlier on in the production process. We intend to do this through organising regular check-in meetings and taking a proactive approach to collecting BCCUs on a quarterly basis.



**Sustainable cotton
used in 2022**

Despite these challenges, we increased the use of organic cottons in our products to 26% in 2021 – up from just 3% in 2020. This was thanks to the success of our Icon Menswear Jersey range, made with 100% organic cotton, as well as the fact that we make the majority of our socks with 50% or more organic cotton. In November 2021, we also introduced linings on our accessories made with 35% organic cotton.

In 2022, we plan to start training our product teams on how to source in-conversion cotton so that we can begin to incorporate it into our future collections. We are also a participant in Textile Exchange's (TE) organic cotton round table so we can work with our industry peers to help the organic industry grow.



Introducing lower-impact styles and recycled cotton

There are other ways we can address cotton's environmental impact. For example, we're planning to increase the quantity of low-impact denim washes from Jeanologia – which uses smaller quantities of water and chemicals – in our denim ranges.

Recycled polyester

In all, 11% of the polyester in our collections came from recycled sources in 2021. This is 8% higher than 2020, and thanks to our new puffer bag range, made with 100% recycled polyester. While we're pleased with this growth, we still have plenty of work to do. In 2022, we will continue to look for ways to switch key product groups over to recycled polyester. We've also joined the TE recycled polyester round table, to help accelerate industry-wide uptake. The round table aims to leverage industry expertise by bringing together participation from businesses, government, civil society and development partners in the sourcing of recycled polyester.

Leather

This year, 65% of the leather in our products came from LWG-certified tanneries. This is up from 26% in 2020, putting us well on track to hit 100% by 2025. Of the tanneries we work with, 43% received a gold score in their LWG audit – indicating that they use the best available methods in water, chemical and waste management. We achieved this by working closely with our accessories and footwear suppliers to switch to LWG-audited tanneries where possible and in the future we will continue to push this as a minimum expectation.

In 2021, we used recycled leather for the first time, incorporating it into selected footwear styles. Over the next year we will continue to increase the amount we use throughout our accessories and footwear products, helping to ensure more of this valuable material does not end up in landfill.

Tracing the source of our leather

We need to understand where our leather comes from in order to assure ourselves on key ethical issues. So, as well as our 2025 LWG target, we've set ourselves a 2030 target to ensure that 100% of the leather we use in our products can be traced back to raw hide origin. In 2019 we mapped all finishing tanneries that our Tier 1 suppliers worked with and, since 2021, have collected key information from new finishing tanneries used for our products each season.

We already collect traceability information for every tannery site that our suppliers work with. In Brazil, the tanneries that our suppliers use must have an active two-year LWG audit as a minimum requirement.

As part of the LWG audit protocol, tanners are assessed on the level of traceability they have of the raw material they purchase. Points are awarded in the audit based on the traceability systems a tanner has in place, which could be either through the physical marking of a hide or having documentation of origin in place. Ted Baker will continue to make a high traceability score a preference in a tannery's LWG audit. In 2022, the LWG will be introducing mandatory traceability within its audit protocol, to be gradually phased in for tanners. We see this as a good first step in working with tanners to improve traceability wherever possible.

WORKING WITH OTHERS TO ACHIEVE OUR SUSTAINABLE MATERIALS GOALS

To ensure the integrity of the sustainable fibres we buy, we collect industry best practice certification from our suppliers. We are also exploring options to certify our own products against sustainable fibre standards so that we can be more transparent with our customers.

We are also a member of the global non-profit organisation Textile Exchange (TE) which connects brands, manufacturers and retailers with the aim of reducing GHG emissions from textile fibre and material production by 45% by 2030. As part of our membership, we participate on working groups to help accelerate the use of sustainable fibres in our industry.

Every year, Ted Baker takes part in TE's Material Change Index (MCI), the largest peer-to-peer comparison initiative in the textile industry. It tracks the textile sector's progress towards more sustainable sourcing, as well as alignment with global efforts like the transition to a circular economy. More than 190 fashion and textile brands take part. Companies are scored in performance bands as either a participant, developing, establishing, maturing, or leading performance once they have completed the survey.

We are proud of our progress with our MCI performance. After gaining a 'participant' score in 2020, Ted Baker was scored in the 'maturing performance' band in 2021. TE only awards this banding level to companies that are pioneering industry transformation with sustainability.

By taking part in the MCI, Ted Baker can demonstrate our commitment to transparency and continuous improvement around our materials sourcing strategy.



An update on using alpaca wool in our products

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'.

As part of our Animal Welfare & Responsible Materials Policy, launched in 2020, we banned the use of conventional alpaca in our collections due to documented concerns over animal cruelty. In May 2021, the TE developed the Responsible Alpaca Standard (RAS) to address these concerns and ensure that the land where alpacas graze is managed sustainably. In light of this new standard, we have decided to allow sourcing of RAS-certified alpaca. We work closely with our suppliers to ensure they are certified and continue to stress that conventional alpaca remains a banned material in our supply chain.

We also introduced a new Paper and Packaging Policy in 2020, which contains a series of additional targets to help reduce our packaging footprint. These include eliminating any product sourced from endangered species habitats and ancient and endangered forests by 2022, and ensuring all our polythene bags contain a minimum of 50% post-consumer recycled content, rising to 100% by 2025.

Supporting a circular textiles industry

The fashion industry has grown rapidly in the past 20 years, but the corresponding rise in fast fashion means people aren't wearing clothes as often or for as long before throwing them away. As a result, only 1% of clothing is currently recycled. The majority then ends up in landfill or is incinerated. This has left a big problem with waste, where the quantity of clothing that ends up in landfill has grown dramatically.

We want to change that and are currently developing our 2030 circularity roadmap, based on the Textiles 2030 roadmap template. This will define key milestones to help embed circular principles into every aspect of our business and set out the circular design standards and business models we'll need to adopt to help divert our products away from landfill.

Policy target	Progress in 2021
Eliminate sourcing from endangered species habitats and ancient and endangered forests by 2022	In 2020 we partnered with non-profit organisation Canopy and committed to two of its policies
Eliminate sourcing from controversial suppliers (e.g. illegal logging or areas reserved for indigenous peoples)	In 2022 we will map all of our Tier 4 fibre producers used for MMCF fibres to eliminate Canopy Red Shirt Producers, using the Canopy Hot Button Report
Use only FSC-certified paper and packaging for all branded and unbranded products	In 2021 we switched all digital sales boxes and retail bags to be made with FSC paper packaging. All of our new sustainable swing tickets are also made with FSC paper
Preference for paper/packaging with high-recycled content, reaching an overall recycled fibre content in our paper/packaging of at least 50% average by 2024	In 2021 we switched our digital sales boxes to be made with FSC and recycled paper packaging. The recycled content is 89%
All polythene bags must contain a minimum of 50% post-consumer recycled content	In 2021 we nominated a packaging supplier for all of our polythene bags, which contain 50% recycled content
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	This year we will finalise our nominated supplier for transit hangers, from which our suppliers will source plastic transit hangers with a minimum of 50% post-consumer plastic

In the meantime, we continue to combat product waste by donating our end-of-life stock to reputable charities and partners. For example, in 2021, we donated 3.6 tonnes of end-of-life stock to New Life, a charity that helps children with disabilities and terminal illness. Through much end-of-life stock now being repurposed through sample sales in our head office, we are pleased to see an ongoing decline in our tonnage of unused stock.

Another way we have addressed product waste in the wider industry is through taking part in London Repair Week in March 2022. This is an annual event that brings together a wide range of businesses, not-for-profits and individuals to share their repair expertise through events and workshops. At the same time, it encourages

Londoners to grow their repair skills and understand where they can get things repaired. As part of this event, we hosted a two-day repair shop for our team in our London head office. People could bring in an item of clothing for repair by a skilled repairer on site.

Creating a more circular textiles industry will also require collective effort. In April 2021, we became a founding signatory of UK waste recycling charity WRAP's Textile 2030 initiative. This aims to reduce GHG emissions, shrink the textiles industry's water footprint and inspire more circular business models.

Embedding our approach to risk

As the world becomes more uncertain, our approach to risk must be agile and responsive. Two years ago, no one imagined the devastating effects Covid would have – personally, socially and economically – and its fallout will continue to affect us all for years yet. Equally, the sudden geopolitical upheaval following the invasion of Ukraine has had a significant knock-on effect on the global economy and means more disruption to supply chains.



Not surprisingly, managing risk well continues to be a key element of Ted Baker's business strategy and success. The traditional idea of reviewing risk registers once a year is no longer enough to adequately protect our brand and business operations from the increasingly challenging and unpredictable environment we operate in. We now constantly monitor inherent risks and evaluate potential new risks as they arise, along with the actions we can take to reduce or eliminate them where possible. It's not an exact science but, by embedding our approach to risk across the business, we can be as prepared as possible to react to whatever the world throws at us.

With all this in mind, we've continued to review our approach to risk throughout the year. We've taken some important actions, including:

- Embedding a quarterly risk committee to define specific risks and understand key challenges and associated mitigating actions
- Maintaining a corporate risk register, containing all Group-level risks, prioritised by risk level
- Establishing an Internal Audit team to bring a systematic, risk-based approach to evaluating and improving corporate governance, risk management and internal controls.

The Board and the Audit & Risk Committee work together with the Management Risk Committee to deal with different aspects of the process. This includes:

- Assessing and challenging the Group risk register
- Reprioritising risks as new ones emerge or existing ones are mitigated to an appropriate extent
- Influencing mitigating actions
- Escalating findings to the appropriate audience within the business.

We have a robust, ongoing process for identifying, evaluating and managing the significant and emerging risks the Group faces.

The tables that follow outline our principal risks and their potential impact on the business, along with how we manage them and how they've changed over the past year.



OVERSIGHT

Our risk oversight approach is designed to give a clear picture of risk from every angle – from external factors that could impact the Group to how risk affects our strategy, business model and operations.

BOARD	The Board is ultimately responsible for our approach to risk management and internal controls. It is also responsible for reviewing how effective our management and controls are, and for setting the Group's risk appetite. This is done regularly, helping us to identify emerging risks and assess the status of existing risks. Risk management will continue to be a key focus for the Board in the coming year.
AUDIT & RISK COMMITTEE	The Audit & Risk Committee is responsible for overseeing and reviewing how effective the Group's internal control and risk management systems are. It reports its findings to the Board regularly during the year. The Committee also assesses the findings and recommendations of the Management Risk Committee and of the Group's external and internal audit processes, and then looks critically at how the business responds.
EXECUTIVE TEAM	The Executive Team is responsible for identifying and evaluating the significant risks that apply to its areas of the business, along with designing and operating suitable internal controls. These risks are assessed regularly during the year and may come from a variety of internal or external sources.
MANAGEMENT RISK COMMITTEE	The Management Risk Committee was re-established in the past year. It reviews risk management and control processes for each of our key business areas. Its members include relevant people from the Executive Team, heads of department and functional experts. This helps to establish and encourage ownership of risk across the business and to keep risk front of mind every day.

OUR WORK THIS YEAR

The leadership team did a full business risk assessment in December 2021, as part of our continuing process to develop a robust internal control structure within Ted Baker and its operating subsidiaries. This risk assessment process makes sure that management has considered the major risks that affect or could affect our ability to deliver our objectives effectively and developed strategies to minimise or monitor the impact of these risks. This means we can protect the interests of our individual businesses, the Group and its shareholders.

These risks largely fall into one of four categories:

- **Market and economy risks** – these are risks in the external market environment that could affect our business's strategic direction and financial performance, such as reduced consumer demand in key target markets or significant disruption to our operations
- **Brand, reputation and market position** – these are risks of damage to our most important asset, the Ted Baker brand, which could adversely affect our market position
- **Operational** – these are risks that are inherent to the way our business operates, such as losing a key facility or a business-critical system, key personnel risks and disruption to a supply chain

- **Finance, legal and regulatory** – these are risks that are directly linked to the financial and legal management of the Company, such as liquidity management, financial commitments, credit default and internal controls.

Each risk is then assessed against two criteria:

- **Likelihood** – the likelihood that such an event could occur in the coming three years (we assess all risks in the context of delivering our three-year plan)
- **Impact** – the higher of either the direct financial impact or the reputational impact of the risk occurring.

We've also created a new Internal Audit team to support risk management within Ted Baker, and the Internal Audit Charter has been presented and approved by the Audit & Risk Committee. This Charter defines how the team supports management to protect Ted Baker's assets, reputation and sustainability by independently and objectively evaluating the design, implementation and effectiveness of our internal controls and risk management and governance processes.

The Management Risk Committee does 'horizon scanning' to identify emerging or elevated risks for the coming year and beyond. We closely

monitor and evaluate these emerging risks and, where necessary, implement mitigation activities. Our emerging risks now include:

- **Takeover offer for Ted Baker** – the Board received a takeover approach in the new financial year and, since then, a formal sales process has been launched. A process like this creates risks around brand and reputational damage, disruption to management and loss of key talent
- **Climate** – the wider implications of climate change, including rising temperatures and regional water scarcity, create risks around our business operations and for our key suppliers. Regulatory and reporting obligations are also increasing at pace, as are stakeholder expectations
- **Inflation and cost of living** – rapidly rising living costs across our key retail markets could dampen consumer demand and so slow the recovery of retail markets already challenged by the disruption of the pandemic
- **Data management and digital marketing capabilities** – as we increase our focus on customer relationship management and growing our digital sales channels, we risk not having sufficient capabilities to deliver this strategy or enough control over customer data management.

Principal risks

We are evolving the way we categorise different drivers of risk so, this year, we have restructured our principal risk categories. We're now considering external market risks first, and then focusing on internal risk areas: brand and reputation, operations, and financial, legal and regulatory. The Management Risk Committee classifies risks across more subcategories, to reflect the business's different functional areas and operational value chain.

MARKET AND ECONOMIC RISKS

Risk and impact	How we seek to mitigate the risk	Movement in the year
COVID The Group remains exposed to future waves of Covid, which could again see measures like lockdowns, enforced store closures, travel restrictions and disruption to business operations and supply chains as well as impacting consumer shopping behaviours with reduced city centre footfall and demand for formalwear.	Our response to the disruption felt by our people, operations and supply chains in the past two years gives us a clear and well-tested set of responses to quickly: ● Minimise future impact on our operations ● Maximise sales through those channels, partners and markets less impacted by restrictions.	 The global rollout of effective vaccines appears to be reducing the need for government-enforced restrictions. Meanwhile, we have taken steps to reduce our fixed cost base and continued to diversify how we source our products globally.
COST OF LIVING Rising cost of living and declining real wages for many people will mean less disposable income and reduced demand for non-essential items. This could mean we need to discount surplus stock, which would affect profitability and cash flow as well as damage the Ted Baker brand.	The Ted Baker brand is directed to a customer demographic that may be somewhat insulated from economic downturns. We carefully monitor daily and weekly sales data and update our trading plans and stock purchases accordingly. Members of the Executive Team review and sign off markdowns or price reductions.	 The rising costs of fuel, utilities and food mean we're seeing increased consumer 'cost of living' across our markets.
PRODUCT COST INFLATION Increasing fuel, energy, labour and supply chain costs are likely to put pressure on the cost price of our products. This could lead to tighter selling margins and lower profitability.	We place orders with our suppliers several months ahead of delivery dates, helping us to lock in prices and react to future price increases. We look at many options – including selective price increases, sourcing location and production efficiencies – to mitigate the impact of increased costs.	 The rising costs of fuel, utilities, labour, commodities and freight are likely to increase the cost of goods purchased.
CUSTOMER BEHAVIOUR CHANGE We fail to understand and respond to changes in customer preferences – for example, lack of product diversity, preferred shopping channel or influencer recommendation – which sees Ted Baker lose its competitive edge. This could lead to a loss of sales, reduced margins, missed opportunities for growth and brand dilution.	We maintain a high level of market awareness and an understanding of consumer trends and fashion – including using a leading trends agency – 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. After the year end we launched our new web platform to enhance our digital sales capability.	
FX RATES We purchase our products primarily in US dollars and euros but generate the largest proportion of our sales in sterling, followed by US dollars. Adverse movements in FX rates could mean higher cost prices for products and lower margins and profitability.	We maintain a regular and rigorous forecasting cycle for purchases and sales. With this, we apply our hedging policy under which we may enter forward contracts to hedge expected FX risks and manage cost variations.	 FX rate volatility has increased, given countries' different responses to and recovery expectations from Covid and since the invasion of Ukraine.
REGULATORY AND POLITICAL CHANGES Changes to regulation, duties, taxes and related reporting requirements increase the cost and complexity of doing business globally – for example, Brexit and the increased focus on sustainability and carbon reporting. If we fail to comply with regulations, we could receive material fines that would affect cash flow and profitability.	We maintain a monitoring programme for new rules, regulations, taxes and duties that could impact our products, packaging, supply chains, people, data, other business activities and reporting requirements. The monitoring is done by internal subject-matter experts and external advisers.	

BRAND, REPUTATION AND MARKET POSITION

Risk and impact	How we seek to mitigate the risk	Movement in the year
BRAND DAMAGE OR DILUTION The Ted Baker brand is our biggest asset. Any action or event that damages the brand with our customers could significantly affect shareholder value and lead to lower sales. This could happen through a specific unforeseen or mishandled event, or more gradually over time through insufficient focus, tracking and stewardship of the brand across our channels, partners and product assortment.	We have a crisis management protocol in place, supported by external advisers, to rapidly communicate internally and externally about potentially brand-damaging events. We have a team of internal stakeholders and external consultants dedicated to protecting Ted Baker's reputation. We deal with reputational issues swiftly and in a considered way. We carefully consider each new partner we do business with. All our existing partners are subject to due diligence and ongoing monitoring to make sure they remain appropriate for the brand. New product extension areas, including through licensed partners, are agreed by the Board.	 The impact of the global pandemic on business operations and our supply chains, together with more geopolitical uncertainty, increases the complexity of, and inherent risk within, our operating environment. Consumer expectations from brands they engage with have also increased, so our responses to external events and underlying social trends are increasingly scrutinised.
PRODUCT DESIGN A revitalised product mix with new product categories, combined with a change in focus on target audiences, could send mixed messages to consumers. This could mean losing loyal core customers and failing to engage new customers and influencers.	We have in-house design teams for all categories to make sure the Ted Baker DNA is reflected in new products. The critical path for product design includes prototypes and samples, as well as a 'sell-in' process to wholesale buyers. This process gives us rich feedback on the likely success or failure of new product designs.	 As we refresh the Ted Baker product range across categories to make it more contemporary, we increase the risk of product-design failures within a seasonal range.
STRATEGY Failing to deliver an effective strategy could mean Ted Baker doesn't realise its long-term ambitions. This could be caused by: ● Failing to implement the strategy because of poor prioritisation or communication ● Designing and implementing the wrong strategy ● Failing to respond or pivot the strategy quickly enough if the operating environment changes.	The Group's Directors and Executive Team regularly monitor and assess how well our strategy and supporting execution plans are being delivered. These plans are designed to successfully communicate and deliver the strategy while mitigating any risk. We monitor the external environment to get regular insights into and analysis of the market, our competitors and our own brand strength among our target customers. If this monitoring highlights a significant change or trend, we review this at Board and Executive Team level to work out if we need to adjust or add to our strategy.	
DIVERSITY AND INCLUSION Without a sufficient focus on inclusion across all areas and levels of the business, we risk not maximising the potential from a truly diverse and inclusive team and not being representative of either the communities in which we operate or our customer base. Not addressing diversity and inclusion in an authentic and focused way could result in adverse employee and customer reaction and reputational damage.	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 are building a clear plan to recognise inclusivity as a global business.	 Although the underlying importance and risk has not changed from previous years, our awareness of its importance to employees and customers has increased.

BRAND, REPUTATION AND MARKET POSITION CONTINUED

Risk and impact	How we seek to mitigate the risk	Movement in the year
CUSTOMER DATA With a large and growing customer database and multiple touch points for our customers, it's imperative that customers trust us with their personal data. An accidental or cybersecurity breach of customer data is likely to lead to reputational damage as well as significant fines from relevant data authorities.	We maintain customer data in a secure data environment. All employees involved in customer data activities receive training in the requirements – for example, in cybersecurity and GDPR. We only provide customer data to a third-party processor where it's specifically allowed in our data policy – and where the third-party has been evaluated for their data-security protocols. You can find more information in the next table under Critical business systems failure and cybersecurity.	 Cybersecurity attacks continue to increase across all networks, with a notable step-up from the time of the invasion of Ukraine.
SUPPLY CHAIN We source product from third-party factories across many markets, including China, Turkey, India and the EU. If our suppliers fail to comply with ethical standards, it could be damaging to our brand and reputation.	All product suppliers are required to sign up to our Code of Conduct and are regularly audited to make sure they are compliant with our ethical standards and guidelines.	 We added several new suppliers in new markets during the year as we aimed to reduce the risk of concentrating our supply chains in a single market.

OPERATIONAL

Risk and impact	How we seek to mitigate the risk	Movement in the year
SIGNIFICANT BUSINESS DISRUPTION A lack of resilience or business continuity planning could mean failing to withstand shocks or not adapting during a crisis – for example, failing to take more sales online when shops are forced to close, or not adapting and communicating effectively during Covid-related lockdowns, store closures and work from home mandates.	The severe disruption caused by the pandemic during the past two years means we have well-rehearsed crisis management and business continuity plans in place for a wide range of operational and business disruption scenarios. Our Board and Executive Team have developed agile ways of working to rapidly identify, evaluate and respond to significant business disruptions. Our diversified sales channels across owned and partner, physical and digital channels in several markets provides us with some inbuilt mitigation.	 We launched a new cloud-based web platform to increase resilience and support digital sales in case of more store closures. We continued to reduce our fixed cost base and financial commitments, such as through store leases with shorter terms and lower rents.
SUPPLY-CHAIN DISRUPTION Supply-chain disruption can mean a delay in receiving seasonal product and/or increased freight costs. We may need to use higher-cost air freight to make sure product is delivered on time. Significant product delays can lead to late deliveries to our retail channels and wholesale partners, which could result in higher markdowns. Higher freight costs will affect our product margins if no action is taken.	We restructured and upskilled our in-house global shipping team and established new freight-forwarder relationships to provide more options and agility in sea-freight bookings and freight-cost management. We have worked to secure freight bookings in advance at committed rates and, where necessary, used air freight to make sure key products are received on time.	 We've seen continued high sea-freight costs and shipping delays because of Covid and geopolitical upheavals. This has led to HGV-driver shortages and increased costs to inbound land freight.

OPERATIONAL CONTINUED

Risk and impact	How we seek to mitigate the risk	Movement in the year
CRITICAL BUSINESS SYSTEMS FAILURE AND CYBERSECURITY The loss of a critical business system for an extended period through general failure or a cyberattack could prevent us from delivering sales through our retail channels or prevent our employees from being able to undertake key activities to operate our business and safeguard our assets. Development and implementation of new systems and interfaces can result in increased risk.	The Audit & Risk Committee periodically reviews cyber risk as a specific topic and tracks how our agreed improvement actions are progressing. During the year we introduced a new security manager role and adopted new security measures. We have mandatory training modules for all employees and regularly test our cyber defences at the network, system and individual level. The Group also has a clear and robust approach to change management, with project managers to oversee major projects with key business stakeholders. We have a steering committee – which includes senior team members across IT, legal and procurement, and external professional advisers as required – to review major IT projects.	 As the frequency of attempted cyberattacks has increased across the internet, so we have continued to invest in and develop our cyber defences.
NEW SUPPLIERS A failure to adequately 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, product quality issues and/or reputational risks. These could manifest as missed sales opportunities, excess stock and adverse margin, profitability and cash effects.	We have rigorous supplier evaluation processes and have reduced the number of suppliers we work with globally, concentrating on our strongest partnerships. All the product we receive from new suppliers is subject to quality-control checks.	
TALENT MANAGEMENT Failing to attract, motivate and retain great talent could mean we can't achieve our strategic goals because we lack the innovation, capabilities and diversity to deliver our strategy and respond to customer and market needs. Failing to attract new team members with the right capabilities or to be competitive in the market (salaries, benefits and flexible working) could also make it harder for us to deliver our transformation strategy.	Each year the Remuneration Committee reviews our people strategy and performance metrics, including employee retention, diversity and inclusion, and reward benchmarking. An annual benchmarking review makes sure we offer competitive remuneration and total reward packages. We also use long-term share-based incentive schemes to retain key talent. We drive employee engagement through our culture, values and working environment, and measure this with an annual survey. Specific action plans are developed for any areas of improvement identified in the survey. Succession plans are in place and have been reviewed during this reporting period. The Group has put policies and procedures in place to detect and deal with any issues our people raise. This includes an independent helpline.	

FINANCIAL, LEGAL AND REGULATORY

Risk and impact	How we seek to mitigate the risk	Movement in the year
FINANCIAL COMMITMENTS AND CAPITAL EXPENDITURE Poor management of our financial commitments, including longer-term liabilities and capital expenditure, could mean we're not as flexible or responsive in adapting to external market challenges like Covid restrictions, supply chain disruption and cost inflation, or to specific changes affecting the retail sector.	The Board approved a 'capital-light' growth strategy, growing our brand presence and sales through third-party partners and reducing our capital investment. To help deliver against this strategy and give us control, we have an Investment Committee that reviews and approves all capital expenditure and longer-term financial commitments, including new or renewing leases and partnerships. Store leases make up a significant proportion of our longer-term liabilities. We have a programme to reduce store lease commitments through shorter leases and reduced and turnover-only rents. We will only enter into a new lease or renew an existing one if it meets our financial return and pay-back criteria. We make sure that appropriate depreciation and amortisation periods are used to reduce the risk of unexpected (non-cash) write-offs, and we do asset impairment reviews twice a year.	 We have made good progress on our store lease programme, reducing lease commitments and increasing lease flexibility.
FINANCIAL BORROWINGS, LIQUIDITY AND CREDIT RISK We rely on financing from banks and/or capital markets to fund working capital and business operations over the short and medium term. We are exposed to credit risk and financial loss through non-payment from our wholesale customers.	Ted Baker has a central treasury function that oversees liquidity, FX, financing costs and lender relationships. We maintain regular and active contact with our lending banks. Short-term and long-term cash flow and liquidity forecasts are updated on a regular basis and made available to the Board. Two members of the Board, including the Chief Financial Officer, review and approve the short-term cash flow forecast each month. Debtor balances are reviewed each month too, and any past due balances are followed up. We establish and maintain credit limits for all trade customers.	 In May 2021 we extended our revolving credit facility to November 2023 and amended the covenants. This was further amended in April 2022, to provide sufficient headroom for the severe but plausible projections as outlined in the going concern assessment.

FINANCIAL, LEGAL AND REGULATORY CONTINUED

Risk and impact	How we seek to mitigate the risk	Movement in the year
INVENTORY LEVELS Inventory purchase commitments are made several months before the finished products arrive at our own and third-party distribution centres and stores for sale to end customers. Inaccurate forecasting, lack of relevance to customers or other market conditions could leave us with excessive stock that we'd have to discount or write off. This would impact our profitability and cash flow. Poor inventory controls, and complexity in accounting for duty and freight and other related costs of goods, could result in a write off that damages profitability and asset values.	We use data to forecast demand on a rigorous and regularly updated cycle. This allows us to order the right amount of stock. Budgets to buy inventory are signed off at Executive level each season. We hold weekly and monthly trading review meetings to look at sales and stock levels at a granular level. This means we can take swift action if we're selling less of some products than expected and so minimise the amount we might have to discount. We do regular stock counts across our stock-holding locations and apply an inventory-obsolescence policy to older items.	
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 – for example, changing supplier or customer payment terms, or making decisions around the stock we hold or need to buy. A weak control environment could also make it harder to forecast revenues and profits and lead to inaccurate accounting.	During the second half of the year we established an Internal Audit team. The team is developing a plan to review and report on the priority control areas for the Audit & Risk Committee.	

BACKGROUND AND CONTEXT

The retail sector globally has been through a period of unprecedented challenge over recent years. Prior to the global pandemic the sector was experiencing an underlying shift in consumer behaviour with more purchases being made online and a reduction in footfall in many physical store locations. The global pandemic resulted in an extended period of extreme stress for many consumer and retail businesses with enforced store closures, supply chain disruption and high volatility in traditional demand patterns.

With the successful roll-out of vaccination programmes worldwide and restrictions being eased or fully removed, there are signs that consumers are starting to revert to pre-pandemic behaviours of travel, work, socialising and shopping – albeit that footfall levels remain below pre-pandemic levels in many traditional shopping locations. The knock-on effects of the global pandemic continue to be felt with continued disruption to supply chains, input price inflation pressures and the consumer facing rising increasing inflation resulting in a higher ‘cost of living’. These factors, that were already creating uncertainty and forecasting challenges, have been exacerbated by the invasion of Ukraine in early 2022.

Considering the above, the focus on businesses ability to continue to trade whilst meeting their financial commitments over future periods is understandably high.

Given this context, the Directors have undertaken a comprehensive assessment to consider the going concern and longer-term viability of the Group and Company. In making their assessment the Directors have considered the following:

- Brand and trading model – Ted Baker is a global lifestyle brand with a large and loyal customer base. Brand awareness and brand strength remains at high levels in the Group’s priority markets of UK, North America, Germany and the Middle East. The Group operates across diversified channels including its own stores and tedbaker.com website; franchise stores; third-party concession stores and online platforms and via wholesale partners. The Group also has an important product licensing business reflecting the potential for the Ted Baker brand globally. These areas are detailed more fully in the Strategic Review
- Current trading performance and financial position – as detailed within this Annual Report
- Financial commitments – including capital commitments, lease commitments, stock purchases and other non-variable/non-discretionary costs. The Directors note the relatively short store lease commitments – less than three years on average, and the progress made on renewing leases on favourable terms
- Committed borrowing facilities – as detailed further below
- Sources of liquidity – including permanent and temporary measures to improve the liquidity position of the Group. These measures are not included in the Base Case or Downside Case forecasts noted below.

The Directors note that the Group has made good progress in the second year of its three-year transformation plan, reducing fixed costs in the retail channel and head office and reducing the capital intensity of the Group. Furthermore, the Directors note that the Group has recently launched its new digital platform following investment made over the 18 months preceding the going concern period.

INTRODUCTION

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 can operate within its existing facilities and can meet its financial covenant tests during this period.

The Directors’ assessment considers the principal risks facing the business and an evaluation of financial forecasts prepared by management. Two primary financial forecasts have been evaluated:

- Base Case – reflects a detailed three-year period to January 2025, incorporating the Board approved budget for the current financial year (FY23)
- Downside Case – based on ‘severe but plausible’ assumptions for the level of sales, gross margins, operating costs and cash generation prospects of the Group over the same period.

The Group’s going concern assessment has been based on the 12-month financial forecast derived from these longer-term forecasts.

The Group holds an £80 million Revolving Credit Facility (RCF) maturing in November 2023. At year end, the RCF had been drawn down £8.0 million and the Group had a net cash position of £3.1 million. On 22 April 2022, the Group agreed with its lenders to adjust the covenant tests over the remaining life of the facility to provide more headroom for the Group given the prolonged disruption of Covid and the impact of the Omicron variant on the Group’s trading in the final weeks of the last financial year. The RCF facility size remains the same, with financial covenants reset to levels that reflect the levels of disruption modelled within the Downside case.

In forming their assessment on going concern the Directors have considered the Group's ability to meet its covenant tests and operate within the liquidity headroom provided by the RCF under the Downside Case forecast. The Directors believe that, with due consideration to the forecasts, the underlying strength and appeal of the Ted Baker brand alongside the positive and supportive relationship that the Group has had with its lender banks, the Group will be able to agree an extension of its borrowing facilities at an appropriate level and terms prior to the maturity of the current facility in November 2023.

BASE CASE

The Base Case forecast is centred on an assumption of progressive recovery from the impact of Covid on our own and third-party physical retail channels, and on strong growth in our own eCommerce sales in the second half of the year following the launch of our new digital platform in the first quarter and reflecting the subdued performance of our eCommerce sales in equivalent periods of the prior year. A reduction in the Group's fixed cost base is incorporated based on efficiencies delivered through the transformation plan. The Base Case assumes that no further lockdowns, social or travel restrictions are implemented over the going concern period.

Significant assumptions within the Base Case are:

- Store sales recover to 80-85% of pre-pandemic levels, with the removal of social and travel restrictions and a return to city centre shopping locations. A full year of physical store operations is assumed, with no enforced closures. Store sales are forecast at an individual store level reflecting the country, type of location and performance trends when restrictions were eased in the prior year
- eCommerce sales are forecast with strong growth in the second half of the year driven by i) an increase in sales through 3rd party concession channels where we have increased the product range and availability on key partner platforms and, ii) increased sales on tedbaker.com, following the launch of our new platform and reflecting the weaker comparable period.

- Wholesale sales are forecast to increase at low double digits levels but remain at less than 80% of pre-pandemic levels. Although our wholesale partners are subject to the same footfall recovery assumptions as for our own retail stores and concessions, we have applied a more conservative recovery assumption due to the globally diverse nature of our wholesale partners.
- Product licence income is projected to recover in line with the growth of physical retail channels, as retail footfall returns and travel restrictions are eased
- Operating costs include variable costs (such as distribution costs and digital marketing) that are based on contracted or expected market rates and the sales forecast by channel. Fixed costs (such as payroll and rent) are modelled with an inflationary increase and include the benefits delivered from the Group's transformation programme, such as a reduction of approximately £30 million in the Group's payroll cost, relative to the pre-pandemic year. Store lease costs include agreed rent reductions plus reductions assessed as having a high probability of being delivered in the financial year.

The Base Case scenario provides material liquidity and covenant headroom throughout the going concern period of assessment.

DOWNSIDE CASE – "SEVERE BUT PLAUSIBLE"

The Downside Case forecast is predicated on a very challenging trading environment, with significant reductions to the sales growth rate assumptions used in the Base Case to reflect a more prolonged recovery post-pandemic, lower growth in eCommerce sales and a more subdued consumer retail spending environment given the potential impact of the increased cost of living as well as uncertainty arising from the invasion of Ukraine. An increased level of cost inflation has been assumed relative to the Base Case.

The Downside Case scenario reflects the following assumptions compared to the Base Case:

- Lower store sales growth rates to reflect a slower than anticipated post-pandemic recovery. This includes a slower return to city centre shopping locations and international travel, combined with a more subdued consumer retail spending environment. Store sales in the downside case only recover to approximately 65-70% of pre-pandemic levels
- Significantly lower growth in eCommerce sales, reflecting an extended period of disruption following the launch of the Group's new digital sales platform as well as the macro-economic factors noted above – in the Downside Case the Group's tedbaker.com eCommerce sales are 2.5% higher than FY22 and 11% higher than FY20, the pre-pandemic year
- Wholesale sales and licence income growth rates reduced to reflect the same macro-economic factors as our own retail sales channels
- Gross margin rate reduced by approximately 50 bps to reflect impact of further supply chain disruption and inflationary pressure on input prices
- Fixed cost inflation increased by 200 basis points, to reflect greater than forecast inflationary pressures
- Variable costs reduce in line with reduced sales to partly offset the impact of the reduced sales growth

The Group has adequate liquidity and covenant headroom throughout the going concern period under the Downside Case scenario. At the lowest point – the covenant test at the end of Q3 FY23 – the Group has EBITDA headroom of £5 million.

REVERSE STRESS TEST

In addition to the scenarios described above, the Directors have performed a Reverse Stress Test, applying further reductions to eCommerce sales and a higher rate of cost inflation – with an addition to certain areas of the Group's cost base relative to the Downside Case to quantify the level of sales decline and cost increases that can be absorbed until financial covenants are breached.

The Reverse Stress Test scenario only considers cost savings from directly attributable variable costs associated with the reduction in sales. No other cost savings are assumed to be delivered. The Directors note however that the Group was able to make significant cost savings with short leads times in response to the initial lockdowns at the start of the global pandemic.

Under the Reverse Stress Test scenario, Group revenues for the going concern period are £446 million, 2% above the financial year ended 29 January 2022, a period that was impacted by significant Covid disruption with extended store lockdowns, travel restrictions, work from home guidance and the Omicron variant.

The Reverse Stress Test scenario results in the Group's level of EBITDA breaching the covenant test in Q1 FY24. Liquidity under the facility is adequate, even under the Reverse Stress Test.

The Directors consider that the likelihood of the scenario envisaged under the Reverse Stress Test arising is low and, that in the event it did arise, the Group has demonstrated its ability to deliver cost savings when facing such extreme situations as envisaged under the Reverse Stress Test.

MITIGATING ACTIONS

If performance deviates materially from the Base Case and is trending towards or worse than the Downside Case there are several actions that the Group could undertake to mitigate the liquidity and profit impact. These include:

- Cost savings initiatives with a focus on areas of discretionary spend such as marketing, travel, and certain professional fees. These cost savings are not included within the existing forecasts
- Reduction in stock intake of new season stock to reflect the lower sales projections
- Reduction in project and capital expenditure – noting that the Group has recently launched its new digital platform so such a reduction in capital expenditures for a period of time would not adversely impact our enhanced digital sales and customer proposition.

SUMMARY – GOING CONCERN

Having considered the forecasts noted above, the mitigating actions available to management, recent trading performance and having regard to the macro-economic risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Group and the Company has adequate resources to continue operating for the foreseeable future, and to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

VIABILITY STATEMENT

The Directors have considered the Group's prospects and viability over a three-year period to 25 January 2025. This three-year period is considered appropriate as this is the Group's longer term strategic planning period.

As set out above, the Directors have produced and reviewed forecasts which consider a Base Case and a Downside case that reflects severe but plausible assumptions

Under the Base and Downside case scenarios, the Group will remain within its available committed borrowing facilities and in compliance with covenants throughout the term of the Revolving Credit Facility maturing in November 2023. The viability and prospects of the Group are dependent on the ability to renew existing debt facilities or execute alternative forms of financing arrangements. The Directors believe that the Group's ability to refinance the facility in advance of maturity is strong, given the forecasts. The Directors expect that at renewal, the facility will reduce in size, and covenants will revert to levels that reflect a pre-pandemic level of trade, that will be met under both the Base Case and Downside Case scenarios modelled within the three-year plan.

Based on this assessment, the Directors have a reasonable expectation that the Group will continue in operation and meet all its liabilities as they fall due during the period up to 25 January 2025.

The Board approved the Strategic report on pages 1-70 of this Annual Report on 26 May 2022.

By order of the Board



Rishi Sharma

Group General Counsel & Company Secretary
26 May 2022



GOVERNANCE REPORT

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Meet the Board

Our Directors and Non-Executive Directors bring a depth and breadth of experience and expertise that is successfully driving Ted Baker forward. Their constructive and supportive approach is a key part of the progress we have made with our transformation.



Helena Feltham

Interim Chair
Senior Independent Non-Executive Director

Nationality British

Appointment Appointed to the Board on 1 May 2019, as Senior Independent Director on 17 December 2019 and as Interim Chair on 6 December 2021.

Skills and experience

Helena has more than 30 years' experience in retail and human capital leadership. She was formerly People Director at B&Q and, before that, Human Resources Director at Marks & Spencer, Woolworths South Africa and Jack Wills. She also spent several years working in executive search with Odgers Berndtson, covering senior appointments across the public and private sectors. Helena has served as a Non-Executive Director (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. She's also a NED at Redcentric plc.

Committee membership

A D N R

Designated NED for workforce engagement.



Rachel Osborne

Chief Executive Officer

Nationality British

Appointment Joined Ted Baker as Chief Financial Officer on 11 November 2019, and appointed Acting Chief Executive Officer on 10 December 2019 and Chief Executive Officer on 30 March 2020.

Skills and experience

Rachel qualified as a chartered accountant at KPMG and has more than 20 years' brand and retail sector experience. Rachel joined Ted Baker from Debenhams Retail Limited, where she was Chief Financial Officer (CFO). Rachel has broad experience of consumer-facing brands from her previous roles as CFO at Domino's Pizza Group plc, Finance Director of Group Enterprise at Vodafone, and Finance and Strategy Director at John Lewis. She has also held senior positions with Sodexo, Kingfisher and PepsiCo.

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 international retail, having spent more than 45 years at some of the world's most respected high-end specialty and department stores. Prior to joining Ted Baker, Andrew has held many prestigious leadership roles including; CEO of Karstadt, Germany, Group MD of Woolworths, SA, President of Saks Fifth Avenue, USA, CEO of House of Fraser, (UK) Deputy Chairman of Brown Thomas, Ireland and General Manager of Harrods, London. Andrew is also an advisor in private equity and to start-ups.

External appointments

Andrew is Chair of the Prince's Trust Retail, Leisure and Hospitality Board. He is also Chair of Boschendal SA, a board member of Alpha SA and Chair of 42 Acres Retreat and Farm.

Committee membership

A N R



Jon Kempster

Independent Non-Executive Director

Nationality British

Appointment Appointed to the Board on 17 December 2019.

Skills and experience

Jon's 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. He qualified as a chartered accountant with Price Waterhouse in 1990 and has a BA (Hons) in business studies from the University of Liverpool. Jon brings his broad experience and financial background to the work of the Board and to his role as Chair of the Audit & Risk Committee.

External appointments

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

Committee membership

A N R



Fumbi Chima

Independent Non-Executive Director

Nationality British

Appointment Appointed to the Board on 4 August 2021.

Skills and experience

Fumbi brings valuable experience implementing digital transformation strategies in high-growth environments and across a range of industries. She has served in technology roles at adidas, Fox Network Group, Burberry, Walmart and American Express. She has a BA in politics and philosophy from the University of Hull and studied executive management at Harvard Business School.

External appointments

Fumbi is Executive Vice-President and Chief Information Officer at BECU, the US-based credit union. She also serves as a NED of Whitbread plc.

Committee membership

N/A



Meg Lustman

Independent Non-Executive Director

Nationality British

Appointment Appointed to the Board on 4 August 2021.

Skills and experience

Meg has worked in fashion for over 30 years and her experience spans the size and growth spectrum where she has helped businesses grow profitably and sustainably. Meg led the turnaround and growth of many well-known British brands, most recently as CEO of Hobbs. Meg also worked at John Lewis and spent more than a decade with Mosaic/Aurora Fashions, parent of Oasis, Warehouse, Karen Millen, Coast and Whistles.

External appointments

Meg is Vice Chair of Glasgow Caledonian University.

Committee membership

N/A



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 more than 25 years advising clients across a range of industries. Before founding boutique corporate finance firm 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 NED of Ivory Worldwide (Holdings) Limited and MAIA Technology Limited.

Committee membership

None



David Wolffe

Chief Financial Officer

Nationality British

Appointment Joined as interim CFO on 2 January 2020 and appointed CFO on 18 May 2020 and left 7 March 2022.

Skills and experience

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

External appointments

N/A

Committee membership

D

Other Directors during the year

John Barton Chair

John served as our Chair during the year until his untimely death in December 2021.

Appointments after year end

Marc Dench Chief Financial Officer

Marc was appointed in March 2022.

Skills and experience

With their skills and extensive experience developed at Ted Baker and other leading brands, our Executive Team is well placed to steer the business and overcome new challenges.

Rachel Osborne

Chief Executive Officer

Appointment March 2020

Skills and experience

Rachel qualified as a chartered accountant at KPMG and has more than 20 years' brand and retail sector experience. Rachel joined Ted Baker from Debenhams Retail Limited, where she was Chief Financial Officer (CFO). Rachel has broad experience of consumer-facing brands from her previous roles as CFO at Domino's Pizza Group plc, Finance Director of Group Enterprise at Vodafone, and Finance and Strategy Director at John Lewis. She has also held senior positions with Sodexo, Kingfisher and PepsiCo.

Jason Beckley

Chief Customer, Marketing and Digital Officer

Appointment January 2022

Skills and experience

Jason joined Ted Baker in January 2022 from his role as Interim Chief Marketing Officer at Esprit. There he was responsible for brand, marketing and customers, and for leading Esprit's consumer engagement across all channels. Jason has worked with some of the world's most recognisable brands in sports, fashion and luxury goods including YSL, Nike, Ralph Lauren, Dunhill, Puma, Clarks and Alexander McQueen.

Helen Costello

Group Commercial and 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 has held key commercial and executive appointments at several high-profile global fashion brands including, 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.

Marc Dench

Chief Financial Officer

Appointment March 2022

Skills and experience

Marc is an experienced retail and brand leader with significant experience in international, multichannel data-led businesses. Six years as CFO at Joules Group plc saw Marc lead the company through IPO and its subsequent international growth and digital transformation. Prior experience includes roles as CFO of Global Brands & International Retail at Alliance Boots (WBA), and Corporate Development Director UK at Experian plc. Marc is a qualified ACA (Arthur Andersen) and has an MBA from Sauder School of Business, Vancouver.

Peter Collyer

Chief People Officer

Appointment January 2020

Skills and experience

Peter's remit includes everything related to our people and culture. Our Ethics and Sustainability team also reports to him. His career spans 30 years in human resources, including 25 years in retail, hospitality, leisure, investment banking and consumer products. He has held the roles of People Experience Director at ASOS.COM, SVP Global HR at Claire's Inc., VP HR Retail & Licensing at The Walt Disney Company Ltd, Director People & OD at Oasis Stores Plc and was a Senior HR Executive at Yamaichi International. He began his career as an apprentice chef and he gained broad experience working in hospitality for ten years. He is an accredited coach and a Chartered Fellow of CIPD.

Anthony Cuthbertson

Global Creative Director

Appointment November 2020

Skills and experience

Anthony has more than 20 years' creative experience in the fashion industry, developed from his roles as Global Creative Director and Design Director at Topshop/Topman, Roberto Cavalli, Sass & Bide, Joseph, René Lezard, Ralph Lauren, Burlington and DAKS. He has also consulted for Mulberry, Victoria Beckham, Donna Karen, Amanda Wakeley, Moncler and Max Mara.

Tikki Godley

Group Trading Director

Appointment May 2005**Skills and experience**

Having worked as a denim merchandiser at Diesel, Tikki joined Ted Baker as a junior merchandiser in 2005 and worked up through the Group to become Trading Director in 2014. With more than 20 years' experience in merchandising, she has been responsible for our Buying and Production departments since 2020.

Ari Hoffman

CEO – North America

Appointment December 2019**Skills and experience**

Ari has spent his decades-long career in retail and fashion, and is responsible for Ted Baker's North America market. Before joining Ted Baker, he led and managed the Americas business for respected international brands, including as CEO of Scotch & Soda, CEO of Gant, President of Yves Saint Laurent and President of Lacoste.

Rishi SharmaGroup General Counsel and
Company Secretary**Appointment** December 2021**Skills and experience**

Rishi is responsible for our governance and how we manage risk, and for supporting the Board and our executive team on commercial strategy. He started his career as a corporate lawyer at Freshfields Bruckhaus Deringer and continued at Skadden, specialising in mergers and acquisitions. He has extensive in-house experience, including at InterContinental Hotels Group plc and Purplebricks Group plc.

Leon Shepherd

Chief Information Officer

Appointment November 2017**Skills and experience**

Leon is accountable for technology strategy and delivery, and leads the overall business transformation programme at Ted Baker. His extensive experience is drawn from his senior leadership roles at several large-scale global organisations, including Marks & Spencer, Fat Face and Vodafone. He is a strong advocate of technology innovation, especially in cloud technology, AI and cybersecurity.

Building reassurance through good governance

Over the last two years, good governance has been particularly important to the roll out of our transformation plan. In last year's Annual Report, our late Chair, John Barton, set out his views on the importance of good governance. These principles were our guiding light through the last year, and ones we will continue to follow in the years to come.



"It is important to bring in new ideas and different perspectives when a business is in transformation."

Helena Feltham
Interim Chair

The key principle John highlighted in his review last year was the idea of 'doing the right thing'. This means going beyond a mere box-ticking exercise of implementing ever-evolving regulations and legal standards. We aim to go deeper and ensure these important elements are embedded in the way we run our business day-to-day. We've seen this idea in action over the last 12 months, at every level, from the retail team to the Board. People are looking for brands they can believe in, and brands must earn that trust. The solid foundation of good governance we have in place will build a high level of reassurance about the way Ted Baker does business to all our stakeholders. It helps grow trust and creates long-term value for everyone involved – particularly our shareholders, our people and our customers.

The Board's broad experience and deep expertise has proved invaluable over the last 12 months as the business has ridden the ups and downs of the pandemic. Consistency has been particularly valuable in an uncertain year, and we have enjoyed the ongoing support and insights of long-standing Non-Executive Directors (NEDs) Andrew Jennings and Jon Kempster, who chair the Remuneration and Audit & Risk Committees respectively. We will be sorry to lose Andrew's vast retail experience when he retires at the 2022 AGM in July.

It is important to bring in new ideas and different perspectives when a business is in transformation. So we were delighted to welcome two new NEDs to the Board last year. Fumbi Chima's experience in digital transformation across sports apparel, TV networks and finance, amongst other sectors, will be invaluable as we enhance the digital side of the business. Meg Lustman's long involvement in retail at the highest level, most recently as CEO of Hobbs, adds a unique perspective on our approach to transforming the Ted Baker brand. As well as bringing in valuable new skills and experience, I am delighted to report this has also allowed us to balance the Board with an equal number of male and female Directors.

The tone of the Board's approach continues to be very collegiate, creating an open and supportive environment that makes for objective and considered decisions. We have worked closely with the Executive Team, continuing the well-balanced approach of challenge and support advocated by John. Every decision goes through robust questioning and benchmarking against the interests of everyone involved in the business – from customers and suppliers to our team members, shareholders and our wider communities. This positive and constructive approach has helped keep up the momentum of the transformation plan as it moves into its third year.

Employee engagement has been high on the Board's agenda. It has also been a big part of my involvement over the year, supported by our Chief People Officer, Peter Collyer. Last year, we continued to strengthen the trust between the Board, the Executive Team and the wider Ted Baker team which is at the heart of good governance, because it enables openness and challenge. I am delighted that Meg Lustman has agreed to take over the role of designated NED for workforce engagement from me, and we look forward to seeing more positive progress with her input over the coming year.

The Executive Team also recognised the importance of employee engagement with the launch of the first Ted Baker employee engagement survey. This saw very high response levels from across the business and the team is already taking steps to address the key findings. The independent Fresh Eyes employee listening groups have stepped up and come into their own. A number of their members joined us at a Board meeting in November and shared their insights and perspective on the business from the team's viewpoint.

The ongoing challenges of the pandemic have placed heavier-than-usual demands on the time of our NEDs. Although the world seems to be starting to move on from the threat of Covid, there are clearly many other challenges that will affect global and local economies over the coming year. Despite online meetings now being the new normal, we will continue our return to face-to-face Board meetings. These meetings are very productive and have helped cement strong relationships on the Board as well as moving the transformation plan forward.

As always, none of this would be possible without the continuing dedication and commitment of the Board, the Executive Team and everyone in the Ted Baker team. Thank you for all your support and hard work. I look forward to seeing more progress over as we build on the achievements of the last financial year.



Helena Feltham
Interim Chair

A fresh perspective

We had another busy and productive year at Ted Baker, introducing two new Non-Executive Directors (NEDs) to the business, searching for a new Board Chair, managing the Company's ongoing response to Covid and establishing an employee voice forum. Here we'll take a closer look at some of the key issues the Board considered – particularly communication between the Board and our people, and our response to the challenges of this year.

"We tried to get things working for the team – you could see our business knitting together well."

Jon Kempster

Chair, Audit & Risk Committee

OUR RESPONSE TO COVID

Like everyone everywhere, we look forward to the day when Covid is behind us. Until then we continue to oversee how the Company is responding to the challenges Covid poses to how we live and work, and to make sure we're looking after our people, our customers and our business. Jon Kempster, Chair of the Audit & Risk Committee, said of the Board's approach: "We tried to get things working for the team – you could see our business knitting together well."

The pandemic has undoubtedly accelerated business trends that have been emerging in the past few years: take the move online and our customers' growing interest in experiences over tangible goods as examples. That's why we've continued to invest in our online presence, so that our customers can browse and make purchases easily. That's also why we've continued to support our in-store teams to give customers

the best possible experience the moment they step through our doors. We pride ourselves on maintaining high standards, and not from a distance – our NEDs like to wander around our stores anonymously.

This attention to detail starts at the Board and can be seen throughout the business, in all our employees. We've maintained close contact with our people in the past year, with monthly online town hall meetings and one-to-ones where possible – because there's no substitute for face-to-face interaction.

When it comes to working from home and returning to the office, Interim Chair Helena Feltham highlights how, as a Board, we aspire to be transparent: "we communicate really well about the why, not just the what", so that our employees have the information they need to feel in control of their working environment. As we resume working in person again, we want to acknowledge what our people have achieved in difficult circumstances in the past year, and look forward to the coming year.

BUILDING MORE TRUST THROUGH EFFECTIVE TEAM ENGAGEMENT

Since joining Ted Baker in May 2019, Helena has established strong channels of communication between different levels of the business, getting the team's voice heard and building trust between the team and the Board and Executive Team.

Last year, we launched our first employee engagement survey with Peakon to understand what we do well and what issues the team felt needed addressing. There was a big response from across Ted Baker and we are in the process of addressing the findings and embedding changes in the business as a priority.



Fresh Eyes goes from strength to strength

One of Helena's first initiatives in 2019 was to engage an independent body to conduct listening groups and provide a safe space where employees could speak candidly – about their experiences at the Company, what they liked about the business and what needed improving. From their feedback, we built our employee engagement strategy in 2020 – and the Board can now look at how that strategy is working.

In 2020 we brought Peter Collyer on board as Chief People Officer. With his substantial experience building people strategy and embedding values, Peter has provided invaluable support to Helena in her role as designated NED for workforce engagement. Together, Peter and Helena have worked with the business to create Fresh Eyes, an employee forum representing people in our head office and in our stores. Members of the forum have been given support and training and the forum itself has proved to be a great resource for guiding our work to build a more inclusive workforce and implementing ESG values.

As we reported in our 2021 governance report, our senior management has increasingly turned to Fresh Eyes to gather feedback about the business. And the Board has encouraged this – particularly our late Chair, John Barton, who created a warm and encouraging environment in which employees could speak up. Last year in November, members of the forum attended and contributed to a Board meeting, representing how far our employee engagement has come.

Helena says, "what I'm really proud of is how much the Fresh Eyes members care about the organisation", observing that "they make recommendations with very good back up and facts". This directly benefits Ted Baker and our people by bringing employee voices into the decisions we make on the Board. A good example of this is the way learning and development opportunities have improved, inspired by Fresh Eyes' recommendations.



Meg Lustman will soon be using her considerable retail and people experience as our new designated NED for workforce engagement. We hope to roll out Fresh Eyes' work to our business in North America and elsewhere overseas, and to involve the forum in business strategy and innovation. This, plus monthly interactions with the Board, will help cement its role as a voice for productive change at Ted Baker.

TWO NEW NEDS

At all levels of our business, we're focused on getting the right people in the right places. Last year we started the search for two new NEDs, aiming to widen the diversity of thought and skills at the very top of the business. We were delighted to welcome Fumbi Chima and Meg Lustman to the Board in summer 2021, both strong additions who bring wide experience and a talent for innovation to Ted Baker.

You can find more information about Fumbi and Meg in their biographies from [page 73](#) and in the Nominations Committee Report from [page 88](#).

We tailored induction programmes for each of them to introduce them to our business, focusing on the following areas to make sure they had a well-rounded and informative induction experience.

Meetings and briefings

Our new NEDs met with our Chair, members of the Board and senior leaders – including Chief Executive Officer Rachel Osborne and then Chief Financial Officer David Wolffe, as well as the rest of the Executive Team to understand our corporate history, local, regional and global operations, our overall performance and our culture and values.

Site visits and stakeholders

Within the limits of Covid, Fumbi and Meg visited a selection of Ted Baker's retail stores, concessions and outlets, and our Derby warehouse and customer service centre. They met stakeholder representatives from different levels of the business, including the senior leadership team and our in-store and distribution centre teams. This gave them the chance to get themselves up-to-speed on the business and build similar experience and knowledge as the other NEDs.

Fumbi commented that "anyone joining the Board during the pandemic would have to adjust... I met with all the executives for one-on-ones... the Board and management are pretty open, so I think it's not a case of only telling you what they want to tell you, they really want people to share their perspective". For Fumbi, her induction was effective because "in spite of the pandemic, I was still able to go to the distribution centre, I was still able to visit stores... that's been successful".

Meg's induction experience was similarly positive. She noted that "I really had the opportunity to ask any questions... I met a broad range of stakeholders, not just the Executive Team, but also the senior leadership team. I did a visit to the distribution centre... and store visits".

We're so pleased that, even against the backdrop of the pandemic, we've successfully brought new people into our business. Access has been possible and encouraged at every level and we've been delighted to see such open communication.

THE SEARCH FOR A NEW CHAIR

Since 2020, as part of our workforce engagement drive, we have put a succession pipeline in place to make our business more resilient to the unexpected. This gave us plenty of experience and support to draw on as we searched for a new Chair, following John Barton's death in December 2021. We especially thank Andrew Jennings and Helena Feltham for offering the Board support and continuity at short notice.

As Helena says, "we did do a lot of succession planning last year, and I'm very happy we had the processes and plans in place. The biggest thing was the recruitment of two new Non-Executive Directors, as well as how we recruited at management levels."

We appointed consultants Spencer Stuart to work with us to recruit a new Chair. We kept our commitment to diversity and inclusion front of mind, alongside the commercial expertise we need to steer and develop the Company and its strategic plans, and the Board. And, we needed someone with the capacity to devote the time to the role it needs.

We built a solid candidate profile, which included these desired qualities:

- Proven experience and competence as a chair, ideally within a listed company
- Strong personal track record of shareholder value creation and business achievement
- A deep understanding of retail and consumer brands
- Strong strategic skills with an ability to guide and facilitate debate on critical issues, and to provide 'bigger picture' perspective
- Skilled in communicating clearly and effectively at all levels.

While we had made good progress on the search for a new Chair, on 18 March 2022 Sycamore Partners Management LP announced that it was considering a possible offer for the Company and we consequently announced on 4 April 2022 that we had commenced a formal sale process. The Board considered that continuity and experience was key to the Company successfully negotiating this period, and we accordingly paused the search for a new Chair pending the outcome of the formal sale process.

BOARD EVALUATION

The Board runs an externally facilitated Board performance evaluation at least every three years, in line with the UK Corporate Governance Code. Our last external evaluation took place two years ago and, following changes to the Board, we decided to bring forward the external evaluation by a year.

We considered five Board evaluation services providers. Helena Feltham, Jon Kempster and the Company Secretarial team had initial discussions, then reviewed each proposal and interviewed the providers. As a result, Milena Djurdjevic of Calibro was selected to run the external Board evaluation. She has no other connection with the Company or any individual Director.

Milena attended and reviewed the paperwork relating to the Board and Audit & Risk Committee meetings held in November 2021, and arranged individual working sessions with each of the NEDs, Chair, CEO and CFO.

She also met with the Company Secretarial team and had individual meetings with all the seven other members of the Ted Baker Executive Team. Milena met Ted Baker's remuneration and investor relations consultants. Her evaluation also included a review of other Board paperwork, including those relating to the Board strategy day, Remuneration Committee papers and NED induction documentation.

Findings and recommendations

Milena found the Ted Baker Board to be well run, with highly committed and engaged Board members who were well-prepared for Board meetings. They have good relationships with the members of the Executive Team. There is a positive Board culture and Board members are encouraged to contribute to discussions. There is mutual respect between Non-Executive and Executive Board Directors.

All the NED Board members actively enjoy being part of Ted Baker and are happy to have been able to play a critical role in ensuring the company's survival, as well as supporting the strategic plan for its future success. They do see areas for improvement but these do not detract significantly from their overall positive experience as Board members.

Key recommendations for next year

- **Strategy** – focus on a smaller list of strategic priorities for updates at every Board meeting
- **Leadership succession** – continue the focus on Leadership team succession and development of this as a Board focus. Executive Team members should continue to present to the Board, allowing sufficient time to debate topics thoroughly
- **Board papers** – Board papers should be streamlined, with greater use of one-page summaries
- **Board agenda** – Review Board agenda and structure of Board meetings to focus on a smaller number of current issues

Appraisal process

We review the expertise and performance of the Directors each year.

The annual appraisal of the Chair is led by the Senior Independent Director. The Chair leads the appraisal of the CEO, discussing their performance at a meeting with the NEDs, and leads the appraisals of the NEDs. The CEO assesses the performance of the CFO, with feedback from NEDs where appropriate. As Interim Chair, Helena Feltham undertook the Chair's duties this time.

The Board is satisfied that all our Directors have relevant experience. And, in line with the recommendations of the 2018 Code, all Directors will stand for re-election at the 2022 AGM.

Directors' time commitment

Each year the Nominations Committee reviews the time needed from the Chair, SID and NEDs to perform their duties. This includes a review of Directors' attendance at scheduled meetings and their availability at other times.

In FY22 Directors made themselves available for Board and Committee meetings as appropriate. In a normal year, we expect the Chair of the Board to spend two days a week working with the Company. Other NEDs are expected to spend around 15 days a year on Company matters. We also review our NEDs' other commitments to make sure they have enough time to fulfil their role.

Our stakeholders and our s172 statement

The Board recognises the importance of engaging with our stakeholders and other aspects of s172 such as the environment. Here we outline how we’ve done this and also highlight some key decisions we’ve made this year.

This section shows how our Directors performed their duties under Section 172 (s172) of the Companies Act 2006 to the highest standards of business conduct – and how they have upheld and celebrated the Ted Baker culture, values and brand this year.

S172 sets out the requirement for Ted Baker’s Directors to promote the success of the Company for the benefit of its shareholders, while considering the interests of our other stakeholders and the environment in which we operate.

Some of the information here comes from other sections of the Annual Report and has been cross-referenced.

KEY STRATEGIC DECISIONS IN FY22

It has been a busy year and the Board has made a number of key strategic decisions that affect the business as it moves forward.

Dividend

The Board considered the Company’s capital allocation policy and concluded that it would not be appropriate to pay a dividend during 2021.

The Board carefully considered the Company’s financial performance, market expectations, shareholders’ interests and relationships with lenders and also the interests of other stakeholders such as employees, licensees and partners. The Board concluded that it would not be appropriate for the Company to pay a dividend during the year, but that it would review this decision during the financial year.

Board constitution

Following the passing of the then Chair, John Barton, the Board acted quickly to ensure that the Company maintained stability while a new Chair was found.

The Board quickly recognised the importance to shareholders and employees to maintain short-term expertise and continuity and decided that Helena Feltham would act as Interim Chair until a new Chair was found, and Andrew Jennings also decided to postpone his planned retirement. Meg Lustman attended Remuneration Committee meetings and Fumbi Chima attended Audit & Risk Committee meetings to ensure that there was a succession plan for Andrew’s departure. The Board also considered the importance of employee feedback and approved the transition of responsibilities from Helena to Meg as the designated NED for workforce engagement.

Move to Fitzrovia

The Board reviewed the options for a new UK corporate headquarters and approved the move to a new office in Fitzrovia.

In considering the various options for a new corporate headquarters in the UK, the Board had regard for the impact of the relocation on employees, the environment and the community. The Board further considered the financial effects of the relocation and the impact this would have on the Company’s shareholders and lenders.

The next table sets out more details about how we, as a Board, engaged with our stakeholders during FY22.

HOW THE BOARD CONSIDERS

THE INTERESTS OF EMPLOYEES

Stakeholder	Why they matter	How we engaged
TED BAKER TEAM MEMBERS	The commitment of Ted Baker's team members is essential to the success of the business, to deliver our strategy for our customers and products.	● Through the Fresh Eyes forum, town hall meetings, internal communications, and informal meetings with the Board and Executive Team ● Through Fresh Eyes forum members who: – met with Helena Feltham, designated NED for workforce engagement, to discuss concerns and ideas for improvement, which were fed into the Board – attended and contributed to a Board meeting ● By establishing digital platforms for development and training ● By having employees share in the business through Company share plans ● Through the Leadership Development programme and mentor programme for our female leaders

THE NEED TO FOSTER THE COMPANY'S BUSINESS RELATIONS WITH SUPPLIERS, CUSTOMERS AND OTHERS

Stakeholder	Why they matter	How we engaged
SUPPLIERS	Ted Baker works with a wide range of suppliers across the globe, from product manufacturing to support services and many other third-party businesses. It is vital to build trusted working relationships with all our partners to help us deliver great products and services to Ted Baker customers and team members.	● By working closely with a wide range of manufacturing suppliers to build strong relationships and deliver on our promise of Fashioning a Better Future ● By reviewing the actions taken to prevent modern slavery across our supply chain, including how we inspect premises ● By communicating with new and existing suppliers to make sure they understand the Company's culture, ethical standards and the requirements set out in our supplier manual
CUSTOMERS	Ted Baker's ambition 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 we understand our customers and ensure that we deliver what they are seeking.	● By receiving regular details on customer service and detailed analytics to understand customer satisfaction, including Net Promoter Scoring and other metrics ● By making sure governance of customer data and other information is protected, together with scrutiny of all customer-related areas ● By thoroughly reviewing and updating the web platform to enhance the customer experience and journey ● By taking care of customer safety in our retail stores during the on-going pandemic to ensure government guidelines and rules were implemented and supported by our teams
CHANNEL PARTNERS	Ted Baker is not able to serve all its potential customers in all places and channel partners help the Ted Baker brand appear in more places. Channel partners help Ted Baker to adopt a capital-light approach and be more agile and efficient in serving our customers.	● By ensuring that we choose to work with reliable and ethical channel partners who share our passion for looking after our customers ● By ensuring that channel partners deliver true incremental business to Ted Baker ● By ensuring that channel partners value their relationship with Ted Baker and represent the Ted Baker brand appropriately ● By taking care of customer safety in our retail stores during the on-going pandemic to ensure government guidelines and rules were implemented and supported by our teams.

THE IMPACT OF THE COMPANY'S OPERATIONS ON THE COMMUNITY AND THE ENVIRONMENT

Stakeholder	Why they matter	How we engaged
COMMUNITIES	We must be mindful of how we affect the communities we operate in and be fully engaged in contributing to our communities and providing long-term support.	● By supporting the Company to create and deliver education-focused challenges, masterclasses, talks and presentations to local partners and schools ● By partnering with five carefully-selected local charity partners, all focused on social mobility
THE ENVIRONMENT	We need to manage how our business impacts on the environment.	● By challenging and supporting the sustainability team in setting targets ● By seeing regular updates on progress against our sustainability targets ● By reviewing developments in the marketplace, and bringing insights to management to continue developing our sustainability programme

HIGH STANDARDS OF BUSINESS CONDUCT

Business conduct	Why it matters	How we engaged
ETHICS AND POLICIES	At Ted Baker, we hold ourselves to the highest standards by making sure we operate a fair business environment. We are geared towards achieving the best outcome for our team, customers, shareholders and the wider commercial landscape.	● By reviewing and approving updates to key workplace and company policies ● By commissioning a global risk analysis from a third-party, which included a review of fraud and internal compliance policies and processes

OUR SHAREHOLDERS

Shareholders	Why they matter	How we engaged
TED BAKER SHAREHOLDERS	Ted Baker retail and institutional shareholders are owners of the Company so we must make sure we work to deliver our strategic goals.	● By seeking to build on a mutual understanding of objectives between the Company and its institutional shareholders ● By sustaining an active dialogue with shareholders through presentations, face-to-face meetings and the Company's investor relations programme ● By sending all shareholders a digital or hard copy of the Annual Report and Accounts ● We considered the Company's capital allocation policy and concluded that it would not be appropriate to pay a dividend during 2021 – but will review the decision for FY23 ● We carefully considered the Company's financial performance, market expectations, shareholders' interests and relationships with lenders – and also the interests of employees, licensees and partners

Championing integrity and good governance

The integrity of any company's financial statements and reporting responsibilities is at the heart of good governance. The Ted Baker Audit & Risk Committee takes great care in doing these vital tasks, while also maintaining internal controls and compliance procedures. In addition to these activities, this year we continued the important work of re-establishing our internal audit function.



“The important work of improving the overall controls environment has continued to progress throughout the year.”

Jon Kempster

Chair of the Audit & Risk Committee

REVIEW OF FY22

We are coming to the end of the second year of transformation at Ted Baker. This is reported on more fully on [pages 16-24](#). The pandemic has continued to influence events, with challenges arising from sustained periods of lockdown, the resulting temporary store closures and the need to work from home. The Committee's priority has been to continue to support transformation, including the re-establishment of our internal audit function and the appointment of Joe Payne as our new Head of Internal Audit.

Although the onset of Omicron had a negative effect on the 2021 Christmas season, at the time of writing, the UK – and our stores – are opening up again for business and we anticipate this will be followed by the rest of the world in due course. It's great to see our team beginning to return to the head office, with the in-person interaction that this brings. The Finance team has embraced the new hybrid working environment, and we hope that efficiency is improved through increased communication, both formal and informal.

As part of our robust attitude towards financial analysis of the Group, the Committee has conducted a thorough review of the significant issues found in the financial statements, including the carrying value of inventory, and of retail fixed assets, going concern and the controls environment. We have discussed and challenged these issues with Management, and reviewed the issues with the external auditors at the end of the financial statements audit for the period. Significant issues are discussed in greater detail from [page 62](#).

The important work of improving the overall controls environment has continued to progress throughout the year, with the establishment of an internal audit function in the second half of the year. The Group also commissioned a report by Harod Associates Ltd to identify global risks and crime threats facing the Group. This is especially relevant in a period when revenues are expected to continue to grow and the Group is busy delivering the transformation plan. The report has provided a good checklist and agenda for the Management Risk Committee, (a management committee), to bolster certain controls and devote the necessary resources to this project.

I am pleased to report that the reconstituted Management Risk Committee has been very active this year. The membership of the Management Risk Committee includes representatives from all Group disciplines, enabling it to build a comprehensive risk register focused on mitigating and monitoring key aspects of risks identified.

The effect of successfully rebuilding the Management Risk Committee, increasing investment in the finance department and improvements to the controls environment has brought about an overall improvement in audit and risk management alongside the Group-wide transformation. It is fair to say that the pace of improvement could be quicker, but by prioritising the most important matters, the Committee has helped to steer Ted Baker in a positive direction. Equally, BDO LLP, at the end of its second year at Ted Baker, has been helpful and supportive in its role as external Group Auditor.

We look forward to working with Marc Dench our newly appointed Group CFO in the year ahead.

AUDIT & RISK COMMITTEE MEMBERSHIP

Membership of the Audit & Risk Committee has been consistent through the year, with Helena Feltham and Andrew Jennings continuing to make valuable contributions. Helena has continued as a member of the Audit & Risk Committee while she is acting as Interim Chair following John Barton's sudden passing. Although this is a technical breach of the provisions of the Corporate Governance Code, it is a temporary measure until a new Chair is appointed. As many topics we discuss touch on the wider transformation strategy, the Chair, Chief Executive Officer and Chief Financial Officer have open invitations to attend our meetings. I would like to thank both Helena and Andrew for their incisive 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 that 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 tedbakerplc.com.

WHERE WE HAVE FOCUSED OUR EFFORTS THIS YEAR

The Committee held nine meetings this year. 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.

Controls remediation programme

The improvement programme recommended by Deloitte is on track, following the stock misstatement identified in FY20. We have completed certain key controls and will continue the work, with full completion expected by the end of FY23.

Risk management

The Risk Committee is active and meets regularly. We are confident that the risk management process adopted by the Board worked well to identify risks and actions required.

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 62-66](#).

Internal audit

We had previously suspended any activity in relation to the Internal Audit function and I am pleased to report that we have recruited a new Head of Internal Audit who has restarted the function and will build a small team to assist.

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.

Brexit

We considered the longer term impact of Brexit. You will find details of the on-going effects of Brexit in the CFO's Financial review, on [pages 35-37](#).

Significant issues

The Committee reviewed management and external auditor reports on the significant issues found in the financial statements. Please see below for an in-depth look at these issues and how we challenged the management team on each one. We also reviewed the issues with the external auditors at the end of the financial statements audit for the period.

Significant issue	Committee response and conclusions
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.	MANAGEMENT ACTION - Management presented the following changes to the Committee: the costs that were previously capitalised into the inventory cost are now expensed; and the stock provision policy was updated to reflect a change from a future sales forecast methodology to one which reviews the percentage of an original stock season that has entered the liquidation stage and the cost recovered at that time. CONCLUSIONS - The Committee concluded that the correct measures had been taken by management.
CARRYING VALUE OF RETAIL FIXED ASSETS - Retail fixed assets includes leasehold improvements, fixtures and fittings and the right of use assets. - The Group selected retail fixed assets for impairment testing on the basis of current and projected performance, with growth assumptions based on the Directors' knowledge and experience.	MANAGEMENT ACTION - As with the prior year, management assessed all stores for impairment rather than just those meeting the defined criteria. The assumptions for future performance and the discount rates to calculate the net present value of the forecast cashflows were presented to the Committee. - Management also considered any change in the underlying trading environment to trigger a reversal of impairments. CONCLUSIONS - The Committee challenged the growth assumptions and discount rates used by management and the rationale for including all stores in the assessment. The impaired balance at year end and the charge for the year by store were discussed by the Committee. The Committee was in agreement with the approach taken.
GOING CONCERN Going concern remains a focus for the Committee given the ongoing effects of the pandemic and macroeconomic factors.	MANAGEMENT ACTION - The Group has built a forecast that includes many key assumptions and alternative forecasts with sensitivities. This gives the Group sufficient access to finance to manage all possible scenarios. CONCLUSIONS - The Committee reviewed the assumptions and forecasts that cover a period of 12 months from the date of these accounts, along with the availability of financing and concluded, with the support of the auditors, that the going concern assumption is appropriate.
CONTROLS ENVIRONMENT Following the stock misstatement identified in FY20 and recommendations made by Deloitte at that time, controls environment remains a focus for the Committee.	MANAGEMENT ACTION - The management team confirmed it was not aware of any material misstatements or immaterial misstatements made with the intention of telling a particular story. CONCLUSIONS - The Committee reviewed and challenged the management team's reports and presentations, consulting the external auditors when necessary. Following discussions with management and reviews of their work, the Committee established their confidence in management's preparation of year end accounts and confirmed that management's review of the controls environment is adequate. - The Committee is satisfied the financial statements address the critical judgements and key estimates correctly (both in respect to the amounts reported and the disclosures), and 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 accordance with the Finance Act 2016, Ted Baker has published details of the Group's tax strategy in relation to UK taxation on its website. 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.

Following the tender process in 2020, BDO was appointed as Group Auditor on 21 July 2020. BDO has been helpful and clear in communicating its findings to the Committee and management.

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 the 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 BDO to provide non-audit services.

Where non-audit 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 6 to the financial statements.

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 come up in the audit.

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
- BDO's 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 and number of errors identified during the audit
- Recommendations made by BDO in its 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.

Financial Reporting Council's review of BDO audit files

BDO's audit files in relation to the Company for the year ended 30 January 2021 were reviewed by the Financial Reporting Council's Audit Quality Review team. The Committee received the final report in April 2022 and was pleased with the assessment and that no key findings were noted. The report also highlighted elements of good practice. The external auditor (BDO) has taken steps to address other findings for the FY22 audit.

INTERNAL AUDIT

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

As reported last year, we stopped outsourcing our internal audit function to PwC. I am pleased to report that we have appointed Joe Payne as Head of Internal Audit at Ted Baker during the year. Joe joined us from Selfridges and brings considerable internal audit experience in retail environments to the table.

Joe's arrival is an important development as the Group seeks to re-establish the internal audit discipline at Ted Baker. The Group aims to increase the resources available to the department through the current financial year. To date, we have agreed the areas of focus that will form part of the work to be done in the current year. The Committee has signed off the charter and looks forward to supporting Joe and his incoming colleagues in delivering their work programme.

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 in relation to corporate impropriety are sent to the Group's General Counsel and a member of the Non-Executive Team. We hope this will encourage team members to speak out without fear of reprisal.



Jon Kempster

Chair of the Audit & Risk Committee

26 May 2022

Strengthening our leadership to drive our transformation plan

Through the last incredibly challenging two years, our people have been a key focus at Ted Baker. As well as navigating the unpredictable events surrounding the pandemic, our Executive Team and the wider Ted Baker team have had to adapt to working from home along with the many changes brought about by our ongoing transformation. The Nominations Committee has worked with the Board and senior management to support them through these challenges. We have focused on further strengthening the Group's leadership and Executive Team and creating a Board that now has a good balance of gender, diversity, expertise and skills.



"We've strengthened the Board in recent years, and it's been great to see the excellent and productive working relationships... between Board members and senior managers."

Helena Feltham

Chair of the Nominations Committee

I chaired the Committee this year with Non-Executive Directors (NEDs) Jon Kempster and Andrew Jennings as members. The Committee's role is to establish and implement a framework to appoint NEDs, Executive Directors and senior management. We also oversee the development of a diverse pipeline of candidates for succession to the Board and senior management roles. Members of the Executive Team are invited to join us when necessary and appropriate.

REVIEW OF FY22

We started the year by consolidating our progress on diversity and inclusion, which I talk more about in our work in FY22 from [page 91](#). We also completed an independent Board evaluation, to complement the independent external evaluation we carried out in 2020.

In the summer we were delighted to welcome Fumbi Chima and Meg Lustman as independent NEDs. We look forward to supporting them as we continue to deliver our transformation strategy.

We were also pleased to make two key appointments to the senior management team: Rishi Sharma as Group General Counsel and Company Secretary, and Jason Beckley as Chief Customer, Marketing and Digital Officer.

Andrew notified the Board in November 2021 that he would step down as a NED in January 2022, after more than eight years' service. Following John Barton's untimely death, Andrew agreed to stay on as a NED until the 2022 AGM, to provide continuity on the Board and allow us time to find John's successor. Andrew also continued in his role as Chair of the Remuneration Committee.

On behalf of the Board, I would like to thank Andrew for his ongoing support. The Committee is reviewing the balance of skills and experience required at Board level in anticipation of Andrew stepping down as a NED.

OUR WORK IN FY22

Appointments

We've strengthened the Board in recent years, and it's been great to see the excellent working relationships that have developed between Board members and senior managers.

For all external appointments at Board level we have used either Sam Allen Associates or Spencer Stuart as search consultants. Neither company has any connection with individual members of the Board. Here I outline the most recent changes to those roles.

Board appointments

New Chair of the Board

The Nominations Committee worked with consultancy Spencer Stuart to find John's replacement as Chair of the Board, while I took on the role of Interim Chair in December 2021.

I did this alongside my existing roles as Senior Independent Director (SID), Chair of the Nominations Committee and member of the Audit & Risk and Remuneration Committees. Although holding these roles at the same time does not strictly comply with the Code, the Board decided not to make any changes for two reasons: I didn't wish to be considered for the permanent position of Chair, and any short-term changes to the Board committees might have been disruptive and not in the Company's best interests.

This decision meant there was no conflict of interest in my leading the search, which was my responsibility as Chair of the Nominations Committee.

Two new NEDs

In August we were pleased to appoint two new NEDs.

Fumbi Chima is currently Executive Vice-President and Chief Information Officer at BECU, the US-based credit union, and brings to Ted Baker significant and valuable experience implementing digital transformation strategies across a range of industries.

Meg Lustman has worked in fashion retail for more than 30 years and has led the growth and turnaround of many well-known British brands. Her wide-ranging experience has seen her help to create sustainable growth, online and offline, in UK markets and internationally.

New CFO

Marc Dench was appointed Chief Financial Officer on 8 March 2022. He is an experienced retail and brand leader who joined the Company from Health Hero, the digital health platform. Before this, Marc spent over five years as CFO and director of Joules Group plc, the international retail brand, where he supported the company through an IPO, strategic growth and its transformation to a data and digitally led business.

Prior to joining Joules, Marc was CFO of the Global Brands and International Retail division of Walgreens Boots Alliance and held a number of finance and corporate development roles across businesses including Walgreens Boots Alliance, HomeServe and Experian.

New responsibilities

I have very much enjoyed my role as designated NED for workforce engagement. Given my other responsibilities this year, however, I handed the role to Meg in January 2022. We are confident she will do this work successfully and we look forward to seeing her engaging with our people.

Senior management appointments

New Group General Counsel and Company Secretary

Rishi Sharma is a corporate lawyer by background and joined Ted Baker as Group General Counsel and Company Secretary in December 2021. He is responsible for our governance and how we manage risk, and for supporting the Board and our Executive Team to make sure our commercial strategy sits within our governance and risk framework.

New Chief Customer, Marketing and Digital Officer

Jason Beckley joined us in January 2022, having led marketing and brand strategy for several high-profile brands. As Chief Customer, Marketing and Digital Officer, he will lead our digital teams to develop and deliver our vision and strategy and our ongoing performance improvements.

Induction and training

With the help of the Company Secretarial team, I am responsible for our induction programmes, which new Directors undertake when they are appointed.

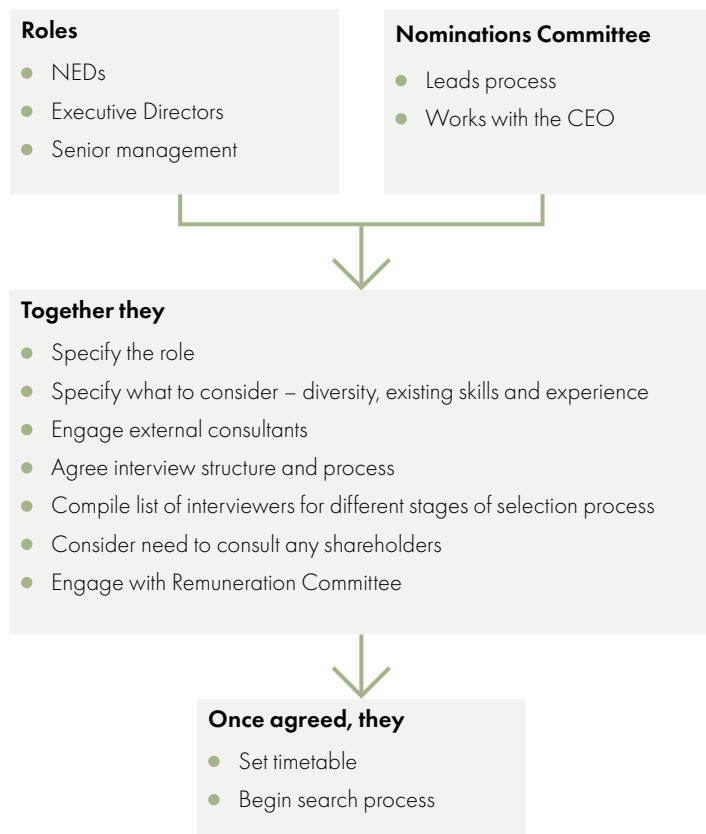
The programme gives them a broad range of information about the Group, tailored to their previous experience, including:

- Information about the operational performance and business of the Group
- Details of Group strategy, corporate governance and Board procedures
- Activities and meetings with key personnel
- Technical briefings
- Site visits.

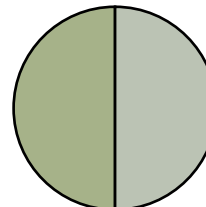
We find this is an effective way of introducing them to the Group's culture, and of making sure they understand the business so they can be productive in their role.

How we make appointments

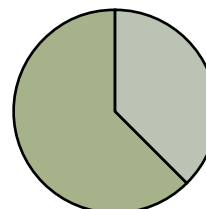
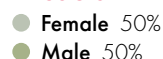
APPOINTMENTS PROCESS



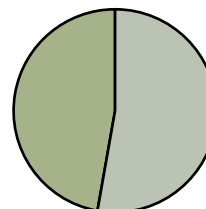
GENDER SPLIT



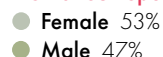
Directors



Senior management, including the Company Secretary



Senior management and their direct reports



The Committee also looked at the training Directors had done during the year. This included technical and topical updates from the Company Secretarial team at Board meetings and specific training events with other in-house and external subject experts and advisers.

This work is an important part of helping Directors to keep their knowledge current and to enhance their experience. We have developed a full training programme for FY23.

Succession planning

By supporting our most talented people this way, we can identify the right people to deliver our strategy. Each year we review the skills and experience of our current Board members and consider whether they are appropriate to help us to deliver our strategic goals now and in future.

This year we worked closely with our Chief Executive Officer, Rachel Osborne; and Chief People Officer, Peter Collyer; to make sure the right structures and succession plans are in place for our strategy.

This is why we encourage regular discussion between members of senior management and the Board, which may be through:

- Presentations to the Board
- Store and warehouse visits
- One-to-one sessions with NEDs to discuss specific issues
- Senior managers attending at least one Board meeting a year
- Our successful strategy day in October 2021, attended by all members of the Board and senior management
- Opportunities for the Board and senior management to meet informally.

“Boardroom diversity is a critical consideration when assessing a candidate’s ability to contribute to and complement a balanced Board.”

Helena Feltham

Chair of the Nominations Committee

Peter regularly presents our succession planning and talent development programme to the Board. For Executive Director and senior management roles, plans are also in place for sudden, unforeseen absences and for orderly medium- and longer-term succession.

Our succession plans are designed in line with the Committee’s terms of reference, available at tedbakerplc.com/investor-relations/corporate-governance, and the Group’s Equality, Diversity and Discrimination Policy, to build a diverse succession pipeline for the Company.

Diversity and inclusion

Boardroom diversity is an important consideration when assessing a candidate’s ability to contribute to and complement a balanced Board. We have work to do on this to ensure we have a team of people who will help us achieve a similar balance at every level of the business. They must represent our customers and be able to keep the brand relevant and successful. That’s why we always make appointments on merit against objective diversity and inclusion criteria – and follow the Group’s Equality Diversity and Discrimination Policy to help us do this.

Gender Pay Gap reporting

We published our most recent UK Gender Pay Gap Report. The results were disappointing and we know we have more work to do in this area. We will continue to address the issues over the coming year. You can see the full report at tedbakerplc.com/teds-responsibilities/sustainability-and-the-environment

Progressing our diversity and inclusion agenda

Over the year we:

- launched an inclusion strategy to address the entire team member experience at Ted Baker, as part of our commitment to the British Retail Consortium charter
- welcomed the Hampton-Alexander Review, which seeks to improve board and senior management diversity across FTSE 350 companies.
- added ‘Inclusive’ to our Company values
- began investing in the skills of 20 future female leaders, equipping them to mentor more junior female talent and helping them to develop their careers. We are focusing on our UK head office functions, where there is an uneven gender balance
- introduced pay benchmarking, as part of our career levelling framework, to inform pay decisions and make sure we have a robust and fair approach to pay
- implemented new family-friendly policies and benefits – for mothers and fathers – to support the financial wellbeing of team members when caring for a family.

OUR OBJECTIVES FOR THE YEAR AHEAD

This year we will continue to review the skills and experience we need for the next stage of our transformation.

We also have several objectives for the year ahead, which include:

- adding to our family-friendly policies by establishing network groups for parents that can provide emotional support and a safe space for them to discuss important issues in their community
- updating our flexible working policies by
 - offering a hybrid working model as people return to the office
 - relaunching Core Hours at our offices, allowing team members to flex their working hours for an optimum work-life balance
 - planning to offer more part-time and job-share roles
- developing our inclusion strategy by
 - broadening our approach to attracting talent and having a gender-balanced shortlist for mid-manager and senior hires
 - reviewing all our job advertisements and descriptions, removing gendered language and making sure no job sounds like it excludes women
 - introducing inclusive hiring training, including unconscious bias training, for all hiring managers and our People team
 - piloting our programme for 20 future female leaders as a flagship talent offering at Ted Baker, and an integral part of the way we nurture and develop female talent.

We are proud of how our people have risen to meet the ongoing challenges of the current business environment – and are excited about the appointments we have made and the measures we are putting in place.



Helena Feltham

Chair of the Nominations Committee

26 May 2022

How we comply with the Code

This information shows how we've applied the principles of the Code and complied with its provision. It cross references with the Remuneration report and to other sections that describe specific actions we've taken during the current year.

The UK Corporate Governance Code 2018 (Code) requires the Company to set and maintain a meaningful corporate culture with a strong ethical base. The Code is available at frc.org.uk.

In this Statement of Compliance, the Board is pleased to confirm that the Company has applied the principles and complied with the provisions of the Code during the financial year ending 29 January 2022 (FY22).

Here we show how the Board applied the principles set out in the Code this year.

1. BOARD LEADERSHIP AND COMPANY PURPOSE

A. The role of the Board

The Board is responsible for the long-term success of the Group, 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.

The Board is effective and entrepreneurial, focusing this year on the transformation programme ([see page 16](#)), the ongoing development of our digital strategy ([see page 21](#)) and workforce engagement ([see page 42](#)).

B. Purpose and culture

Through governance, the Board's primary focus is to promote the Group's ambition to be the most engaging global British lifestyle brand. The Board leads in establishing the Group's purpose, values and strategy, and aligning these with Group culture.

The Board reviewed the Group's values and culture during FY21 and oversaw updates to these at the beginning of FY22. The Board is pleased with the progress made in this area so far, as detailed on [page 41](#).

C. Resources and controls

The Board reviews financial and operational performance, and risk management and appetite, along with the Group's capital structure and plans proposed by management to implement agreed strategies. The Board makes sure that enough resources are available to meet the agreed objectives.

This year the Board continued to address the challenges posed to the Company's financial position by the continuing pandemic.

The Board has ultimate responsibility for the oversight and monitoring of the Group's governance, principal risks and controls framework, too. You can find more information about the Group's internal financial control and risk management systems in the Audit & Risk Committee Report on [page 84](#).

D. Stakeholder engagement

The Board carefully considers the interests of shareholders, key stakeholders and wider society as part of its decision-making process.

You can read more about our stakeholder engagement activities in the s172 table on [page 82](#). You can find more information about the Board's activities during the year, including examples of how it considered the interests of the stakeholders, on [page 82](#). The Group's ethics and sustainability policies frame the Group's approach to understanding our impact on the world and how we contribute to wider society ([see pages 48-59](#)).

E. Workforce engagement

The Board regularly reviews the Group's workforce policies and practices to make sure they are consistent with the Group's values and support sustainable long-term success. During the year we reviewed and endorsed the revised policies and practices ([see page 40](#)).

The Board is ultimately responsible for the Group's confidential whistle blowing reporting facility. The Remuneration Committee is responsible for reviewing workforce remuneration and related policies, as well as aligning incentives and culture ([see page 100](#)).

In FY21, the Group set up the Fresh Eyes employee forum, giving the Board and senior management the chance to engage directly with team members and receive feedback on the business. In January 2022, Meg Lustman succeeded Helena Feltham as NED for workforce engagement. You can find more information about the Board's engagement with the team from [page 78](#).

2. DIVISION OF RESPONSIBILITIES

F. Role of the Chair

Helena Feltham is currently Interim Chair and responsible for the role's overall effectiveness. She took on this role when John Barton died and will hand over to the new Chair when they are appointed. Helena was considered independent when she was appointed and continues to demonstrate objective judgement and promote a culture of openness and constructive debate. She works with Chief Executive Officer (CEO) Rachel Osborne and Company Secretary Rishi Sharma to make sure all Directors receive accurate, timely and clear information.

G. Composition of the Board

At the date of this report the Board comprises the Interim Chair, CEO, Chief Financial Officer (CFO), four independent Non-Executive Directors (NEDs) and one other NED. You can find biographies of these Directors, and changes to the Board during the financial year, from [page 72](#).

The Board is confident that its current membership and recent appointments offer a good balance of skills, experience, independence and knowledge, allowing it to discharge its responsibilities effectively.

There is a clear division of responsibilities between the leadership of the Board and the executive leadership of the business. The roles of Chair, CEO, CFO and Senior Independent Director (SID) 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 Committee, mean that no individual has unfettered decision-making powers.

In accordance with Provision 10 of the 2018 Code, at its February and December 2021 meetings the Board considered the independence of each NED and determined that all remain independent of management and free from any relationship that could interfere with their judgement, except for Colin La Fontaine Jackson. Colin was appointed a Director as a representative of Ray Kelvin, the Company's founder, in accordance with the terms of a relationship agreement between Ray and the Company.

H. Role of the NEDs

The NEDs provide constructive challenge and strategic guidance, offer specialist advice according to individual areas of expertise, and hold management to account. They bring an external perspective to Board discussions. The Group benefits from the broad range of skills and experience they bring from different businesses and fields, including the financial, retail and marketing sectors.

The SID is Helena Feltham, whose role would normally be to act as a sounding board for the Chair and as an intermediary for other Directors and shareholders when needed. You can find more information about the SID's role in the Nominations Committee Report on [page 88](#).

I. Role of the Company Secretary

The Board's Company Secretary, Rishi Sharma, provides a high level of support to the Board, making sure it has the policies, processes, time and resources it needs to function effectively and efficiently.

All Directors have access to a 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, efforts are made to find suitable times when all Directors can attend. When this is not possible, Directors still 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, CEO or relevant Committee Chair at any other time. All Directors have access to the advice and services of the Company Secretary too. Directors may also take independent professional advice when needed, at the Company's expense.

The letters of appointment for the Chair and NEDs state the expected time commitment needed to fulfil their roles. The Chair and NEDs are expected to set aside sufficient time to prepare for meetings. Directors commit the time they need to prepare and attend Board meetings and any other 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 extra time in Board and Committee meetings to review, and deal with, the critical issues the Group faced.

3. COMPOSITION, SUCCESSION AND EVALUATION

J. Appointments to the Board and succession planning

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 next Annual General Meeting (2022 AGM). The Notice of 2022 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.

You can find more information about the process for appointing NEDs in the Nominations Committee Report from [page 88](#).

K. Skills, experience and knowledge of the Board and its committees

The Nominations Committee is responsible for developing and overseeing succession plans for the Board and senior management. The Committee considers each Director's length of service, and their skills and experience.

Appointments and succession plans are based on merit and objective criteria. They are intended to promote diversity and inclusivity. You can find more information about succession planning and diversity and inclusion in the Nominations Committee Report on [page 88](#).

L. Board evaluation

Annual evaluations of the Board look at its composition, diversity and how effectively members work together, and separately, to achieve objectives. During FY22 the Board undertook an external Board evaluation using Calibro, which has no relationship with the Company or any individual Director ([see page 80](#)).

4. AUDIT, RISK AND INTERNAL CONTROL

M. Internal and external audit

The Audit & Risk Committee monitors the integrity of Ted Baker's financial statements and reporting responsibilities and maintains its internal controls and compliance procedures. It monitors the independence and effectiveness of internal audit and our external auditors and reports regularly to the Board.

You can find more information about the Committee's membership, its work and our internal audit function during the year in the Audit & Risk Committee Report on [page 84](#).

N. Fair, balanced and understandable assessment

The Directors are responsible for making sure the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Board reviews and signs off the Annual Report and Accounts at a full Board meeting. To support the rigour of this process, in FY22 the Board established a steering group for the Annual Report that includes the CFO and two NEDs – Jon Kempster and Meg Lustman.

O. Risk management and internal control framework

The Board is ultimately responsible for our approach to risk management and internal controls. It is also responsible for reviewing how effective our management and controls are and for setting the Group's appetite for risk. This is done on a regular basis, helping us to identify emerging risks and assess the status of existing risks.

You can find more information about our risk management and internal controls framework from [page 60](#).

5. REMUNERATION

P. Remuneration policies and practices

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 Directors' remuneration and business performance over the short and longer term.

Our remuneration policy was approved by shareholders at the 2020 AGM and we are now developing a new three-year policy to put to shareholders at the 2023 AGM. You can find a high-level summary of the policy from [page 99](#).

Q. Developing Executive remuneration

The Remuneration Committee is responsible for setting the remuneration packages of the Executive Directors and other senior executives who fall within the scope of the Committee. The Committee approves all service contracts and other contracts between the Company and the Executive Directors and senior executives. If appropriate, it also 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. It determines the level of awards to be made and approves the performance metrics and targets.

R. Exercising independent judgement

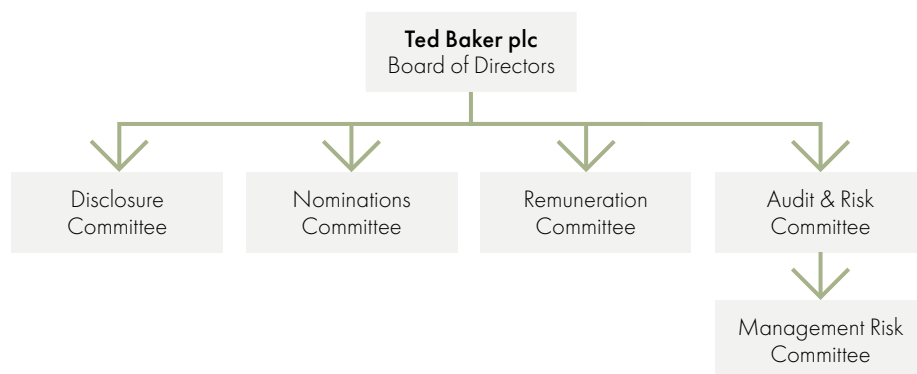
The Remuneration Committee Chair and members are all independent NEDs. The Committee meets both with and without management present and, where necessary, takes advice from external remuneration adviser, Deloitte LLP – including considerations of its independence. The Committee determines remuneration outcomes each year by assessing Executive Directors' performance against the remuneration policy and their respective performance criteria.

During the year the Committee was chaired by Andrew Jennings and its members included Helena Feltham and Jon Kempster. Andrew will step down from the Board at the 2022 AGM.

You can find a discussion of the Committee's work during the year in the Remuneration Committee report from [page 96](#).

GOVERNANCE STRUCTURE

The Board and the Committee structure is set out below:



BOARD AND COMMITTEE ATTENDANCE

The next table shows the number of Board and Committee meetings held during FY22 and the attendance record of each Director.

	Timetabled Board meetings	Audit & Risk Committee	Remuneration Committee	Nominations Committee
Number of meetings held	16	9	4	3
Helena Feltham	16	9	4	3
Rachel Osborne	16	7	4	3
David Wolffe	16	9	4	–
John Barton ¹	13	6	3	2
Fumbi Chima ²	7	1	–	–
Andrew Jennings	15	7	4	3
Jon Kempster	16	9	4	3
Colin La Fontaine Jackson	15	–	–	–
Meg Lustman ²	7	–	1	–

¹ Following his death, John ceased to be a Director on 4 December 2021.

² Appointed to the Board on 4 August 2021.

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

Name	Role
Helen Costello	Group Commercial and Business Development Director
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
Peter Hearsey-Zoubie	Company Secretary until November 2021
Rishi Sharma	Company Secretary from December 2021
Maria Yianni	Deputy Company Secretary

Recognising everyone's commitment

Despite another very difficult year for everyone, we have seen good progress in our transformation plan. This has been made possible by the commitment of the Executive Team, ably supported by senior management and the efforts of all colleagues at every level. As a result, the Company has continued to manage cash and costs effectively and continued the disciplines put in place to keep the business running as smoothly as possible. As a result, we are delighted to have been able to recognise and reward everyone's hard work and dedication.



"The Committee considers that the incentive outcomes... appropriately reflect the Company's performance in the year and reward the progress made on our transformation journey."

Andrew Jennings OBE
Chair of the Remuneration Committee

Part A: Annual Statement

The Remuneration Committee met formally four times to do the work needed this year. Given the ongoing impact of the pandemic, the Committee considered how incentives should be structured, balancing short-term continuing uncertainty with the recovery after lockdown restrictions eased and international travel opened up.

REMUNERATION COMMITTEE

The Committee is chaired by me, with fellow Non-Executive Directors (NEDs) Helena Feltham and Jon Kempster. Meg Lustman attended Remuneration Committee meetings to ensure there was a succession plan for my departure. Her input will be much appreciated as the Committee looks to review our executive remuneration approach over the next year. Members of the Executive Team are invited to attend meetings when appropriate but are not involved in any discussion regarding their own remuneration.

I will be stepping down from the Board at the upcoming AGM. In anticipation of this, I would like to extend a special thanks to Helena and Jon for their invaluable support and contribution to the Committee's work over the last few years.

PERFORMANCE IN THE YEAR

It is important to set the context for our approach to remuneration, based on the Group's performance over the last 12 months. Ted Baker continues to make significant progress with its transformation despite the challenges and headwinds in the wider world. Our strategic decision to re-establish our premium brand positioning has meant moving away from the aggressive promotional stance of prior years. While this has lowered sales growth rates in the short term, it has delivered a better trading margin and will be key to building a stronger business, which will deliver sustainable and long-term returns for our shareholders and other stakeholders.

During the year, Ted Baker opened over 20 new stores capitalising on the local shopping trend and driving increased local engagement and brand awareness. Our product is resonating with customers, and we have seen a strong initial reaction to the Spring/Summer '22 collection.

Excellent progress has also been made in elevating the ESG agenda within the business. There have been significant improvements in supply chain transparency so we can ensure fair, ethical, sustainable practices are in place and we continue to focus on creating beautiful, sustainable products. In addition, 2021 saw the launch of the Group's ambitious carbon targets, with the aim to be 100% net zero across all our Scope 1 and 2 operations by 2030.

The Group has consistently demonstrated strong financial discipline throughout the year, delivering on targeted cost savings. In July, we announced our new global head office, the Gorgeous Brown Building, which will deliver significant savings on rent, rates and utilities. Management continues to closely monitor the increasing pressures across the economy, especially for wages and supply chain costs, and remains committed to maintaining cost disciplines.

Overall, notwithstanding the challenges in year, encouraging progress has been made and Ted Baker is well positioned as it emerges from the pandemic and looks to the future with confidence. Against this backdrop, the Committee considered remuneration outcomes for FY22.

REMUNERATION OUTCOMES FOR FY22 WIDER WORKFORCE

Recognising the continued impact of the pandemic on the business, including that many of Ted Baker's stores remained closed for a period during FY22 and that the Group continued to be in receipt of UK government support via the furlough scheme, it was determined that the annual bonus for FY22 would operate over two separate periods.

For FY22, 75% of the bonus was based on profit targets and 25% was based on strategic objectives aligned to the delivery of the strategy, subject to a full year profit underpin. While the strategic element operated for the full financial year (subject to the financial underpin), the financial element operated for a reduced period, taking into account the Company's reliance on government support.

While financial performance for FY22 was below the threshold target set, the full year profit underpin was met and therefore there was payment in respect of the strategic element. Considering the excellent strategic progress made in the year and the personal performance of both Executive Directors, it was determined that the strategic element would pay out at target for the CEO and at 65% of target for the CFO, resulting in an overall performance related payment of £131,250 for the CEO and £64,188 for the CFO which represents 17% and 11% of maximum respectively. This approach was in line with the approach for other colleagues who also received a bonus in respect of the strategic element.

Long-Term Incentive Plan (LTIP) awards granted in 2019 were due to vest in April 2022. Reflecting the difficult trading conditions over the last couple of years, the profit and share price targets were not met and therefore awards lapsed in full. Neither of the Executive Directors in role during the year participated in this LTIP grant.

Overall, the Committee considers that the incentive outcomes for FY22 appropriately reflect the Company's performance in the year and reward the progress made on our transformation journey in another very difficult year. No discretion was therefore applied in respect of these outcomes.

The remuneration approach at Ted Baker is broadly consistent across the Group 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 and, depending upon their role in the Group, a range of benefits and access to a discretionary corporate and individual performance-based annual or periodic bonus. Our senior leaders continue to be critical to the successful delivery of our strategy, and therefore participate in share plans on a similar basis as the Executive Directors. This ensures that all individuals across the senior team are driving towards a common goal.

This year, the Remuneration Committee was also pleased to offer all our UK-based employees, including Executive Directors, the chance to again share in the success of the strategy through the Ted Baker Sharesave Scheme.

In April 2021, we increased salaries for our team members who earned £30,000 (full-time equivalent) or less, and we continue to pay the National Living Wage regardless of age. Anyone who did not receive a salary review in April was considered for one in the second half of the year and received a 2% increase effective from 1 August 2021. Executive Directors were not awarded a salary increase during the year.

We have a designated NED for workforce engagement, see [page 77](#). In addition, the Chief People Officer is invited to attend Remuneration Committee meetings to provide the Committee with an update on current pay policies and practices across the Group. The Committee is therefore confident that its pay decisions are appropriate in the context of the broader workforce experience.

The Committee also has oversight of Ted Baker's Gender Pay Gap Report, which is published on our investor relations website at tedbakerplc.com. The Committee recognises that there is more to do in promoting and supporting the progression of female talent throughout the business. 'Inclusive' is one of Ted Baker's new values and during the year work was done to embed the new inclusion strategy to build Ted Baker as a modern, representative fashion brand.

STRENGTHENING OUR LEADERSHIP TEAM

In March 2022, we announced that Marc Dench would succeed David Wolffe as Chief Financial Officer of the Group. All remuneration arrangements in connection with this transition have been managed in line with the Remuneration Policy.

Marc will receive a base salary of £350,000 (11% below that of his predecessor) and a pension contribution of 3% of base salary that is in line with the wider workforce. He will participate in incentives on the same basis as other Executive Directors, with a maximum annual bonus opportunity of 150% of salary and maximum LTIP opportunity of 125% of salary. Marc also received a buy-out of remuneration forgone on leaving his previous employer. The Committee believes that this award is no more generous, either in terms of the amount or the timing.

Further details on both Marc and David's remuneration arrangements are set out in this report.

THE YEAR AHEAD

The Remuneration Committee has proposed an increase in base salary for the Chief Executive Officer of 2% for FY23. This is consistent with the general approach being taken for other higher earning employees across the Group. The Chief Financial Officer's salary was set on appointment.

Maximum incentive opportunities for FY23 will remain unchanged. The Remuneration Committee reviewed annual bonus measures and targets for FY23 and determined that for this year a new target based on free cash flow performance would be introduced, with a weighting of 15% of the total bonus opportunity. This is in addition to 60% of the total bonus being based on stretching profit targets and 25% being based on strategic objectives linked to the delivery of the transformation, with metrics focused on brand, product, people, ESG, and personal performance. Both the free cash flow and strategic targets will be subject to a full-year profit underpin being met.

Free cash flow is a strategic imperative for Ted Baker and essential to delivering the transformation of the business. The Committee therefore considered it appropriate to include within the annual bonus for this year to further underline the importance of cash management throughout the business. As part of the Group's capital raise in 2020, a free cash flow target for FY23 was communicated to investors and this was taken into account when setting the annual bonus targets for this year. The Committee was mindful that the LTIP also includes a cash flow target, however, the annual bonus cascades further down throughout the organisation and therefore it was considered that including it in the annual bonus would ensure all employees are incentivised to deliver against our cash flow targets and external commitments.

The overall LTIP structure remains consistent with prior years. The Remuneration Committee is still considering targets for FY23, taking into account internal and external forecasts, and these will be disclosed on our website in due course.

The current remuneration policy was approved by shareholders at the 2020 AGM and, therefore, in line with the normal three-year cycle, a new policy is required to be put to shareholder vote at the 2023 AGM. In advance of this, the Committee will undertake a full review of the policy and its implementation to ensure it remains aligned to the forward-looking strategy. We remain committed to transparency and look forward to consulting with shareholders and other stakeholders over the coming year about the policy renewal.

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



Andrew Jennings OBE

Chair of the Remuneration Committee
26 May 2022

Part B:

Directors' Remuneration Policy in summary

POLICY AND IMPLEMENTATION FOR FY23 FOR EXECUTIVE DIRECTORS

Here we summarise the policy that our shareholders approved at the 2020 AGM. It is intended to apply for three years until a new policy is approved at the 2023 AGM. No changes have been made to the policy since it came into effect and the full policy is available at tedbakerplc.com.

BASE SALARY	● Normally reviewed annually ● Annual increases will normally be broadly consistent with increases in base salary of the wider employee population ● For FY23 base salaries will be: – CEO £535,500 (increase of 2%) – CFO £350,000 (set on appointment, 11% below predecessor).
BENEFITS	● Include car allowance and medical insurance, as well as benefits in line with other team members, such as participation in the Ted Clothing Purchase Scheme. ● Executive Directors may participate in the Ted Baker Sharesave Scheme on the same basis as other employees.
PENSIONS	● The pension contribution rate is aligned with the majority of the wider UK workforce, which is currently 3% of base salary.
ANNUAL BONUS	● Up to 150% of base salary and up to 200% in exceptional circumstances. ● Performance measures may include both financial targets and strategic objectives. At least 75% is linked to achieving financial targets. ● Any bonus of more than 100% of base salary is deferred into shares for two years. ● For FY23: – The maximum bonus opportunity will remain unchanged at 150% of base salary for Executive Directors, with two-thirds of the maximum awarded for on-target performance. – 60% of the bonus will be based on profit targets¹, and, subject to a full-year profit underpin, 15% will be based on free cash flow targets and 25% will be based on delivering our strategic objectives linked to the transformation, with metrics focused on brand, product, people, ESG, and personal performance.
LONG-TERM INCENTIVE PLAN (LTIP)	● Up to 150% of base salary and up to 300% in exceptional circumstances. ● Vesting is based on performance over three years. Once vested, LTIP shares are subject to an additional two-year holding period. ● For FY23: – The maximum opportunity remains unchanged, which is 150% of base salary for the CEO and 125% of base salary for the CFO. – The FY23 LTIP awards will be subject to the following equal-weighted performance conditions: – Relative total shareholder return (TSR) – Cash flow subject to an earnings per share (EPS) underpin – Targets will be set based on internal and external forecasts. TSR performance will be measured over a 36-month period relative to a peer group of comparators. The cash flow targets will be based on cash flow for the financial year ending January 2025, subject to a minimum level of EPS being achieved. Targets will be disclosed on our website in due course.
SHARE OWNERSHIP GUIDELINES	● Executive Directors are encouraged to hold at least 100% of base salary in shares. ● Shareholdings can be acquired over five years. ● After leaving the Company, a former Executive Director must retain 100% of shares which form part of their shareholding guideline and which were obtained following the vesting of LTIP awards for one year, and then 50% for another year.

¹ For annual bonus purposes, profit targets will exclude the accounting impact of any share-based payments (IFRS 2) and leases (IFRS 16).

ALIGNMENT WITH THE UK CORPORATE GOVERNANCE CODE

When developing the remuneration policy, the Committee looked at these factors, as set out in the 2018 UK Corporate Governance Code:

- **Clarity** – Incentive arrangements are based on clearly defined financial and strategic performance metrics.
- **Simplicity** – Remuneration arrangements are simple, comprising the fixed elements of base salary, benefits and pension, and variable elements comprising the annual bonus and LTIP.
- **Risk** – The Committee considers the structure of the annual bonus and the 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 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 Committee looks at several wider workforce themes as part of its review, including workforce demographics and the reward, incentives and conditions available to Ted Baker's workforce generally. This helps to make sure executive remuneration is appropriate from a cultural perspective.

EXECUTIVE PAY IN THE CONTEXT OF THE WIDER WORKFORCE

Differences in the remuneration approach across Ted Baker

We apply a consistent remuneration approach to everyone throughout the Group (some exceptions are outlined below) to make sure our business strategy and performance are aligned, and the total reward is sufficient to attract and retain high-performing and talented people.

All team members of Ted Baker are entitled to a base salary, access to a discretionary annual or periodic bonus based on corporate and individual performance, and a range of benefits depending on their role.

Any exceptional increase to base salary is structured around specific criteria. These criteria are linked to a significant change in a person's role or level of responsibility, their market value at a median level, their value to Ted Baker and what similar roles in different departments are paid.

The maximum opportunity for bonus and benefits is based on career level, responsibility and the 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.

Like 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.

How the Remuneration Committee considers remuneration across Ted Baker

The Chief People Officer (CPO) 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 normally limits any increases in base salary for Executive Directors so that they stay broadly in line with salary increases applied across the general team member population – other than in the exceptional circumstances. This includes the ability to make incremental changes if the salary and total reward fall below the targeted median range.

The Directors' Remuneration Policy is discussed with team member communication groups and senior management. Team members' comments are fed back to the Remuneration Committee.

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

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

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 FY22 Andrew Jennings met with Ted Baker's Fresh Eyes Forum. This built on last year's events where 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. Opportunities will be identified for further team member engagement in FY23 that broaden our engagement with team members across the business and at all career levels.

Part C:

Annual Report on Remuneration

The following tables set out as a single figure the total amount of remuneration, including each element, each of the Executive and Non-Executive Directors received for the periods ended 29 January 2022 and 30 January 2021.

DIRECTORS' SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

52 weeks ended 29 January 2022	Salary £'000	Benefits ¹ £'000	Pension £'000	Other items ⁹ £'000	Total fixed payment £'000	Performance- related bonus £'000 ¹²	LTIPs £'000	Total variable payments £'000	Total FY22 ² £'000
Executive									
Rachel Osborne	525	23	13	70	631	131	–	131	762
David Wolfe ¹¹	395	23	10	–	428	64	–	64	492
Non-Executive									
Helena Feltham ⁸	85	–	–	–	85	–	–	–	85
Andrew Jennings	80	–	–	–	80	–	–	–	80
Colin La Fontaine Jackson	60	–	–	–	60	–	–	–	60
Fumbi Chima ¹⁰	30	–	–	–	30	–	–	–	30
John Barton ⁶	183	–	–	–	183	–	–	–	183
Jonathan Kempster	80	–	–	–	80	–	–	–	80
Meg Lustman ¹⁰	30	–	–	–	30	–	–	–	30
	1,468	46	23	70	1,607	195	–	195	1,802

53 Weeks ended 30 January 2021	Salary ⁵ £'000	Benefits ¹ £'000	Pension £'000	Other items ⁹ £'000	Total fixed payment £'000	Performance- related bonus £'000	LTIPs £'000	Total variable payments £'000	Total FY21 ² £'000
Executive									
Rachel Osborne	502	23	14	53	592	–	–	–	592
David Wolfe ¹¹	262	16	8	–	286	–	–	–	286
Non-Executive									
John Barton ⁶	117	–	–	–	117	–	–	–	117
Sharon Baylay ⁴	55	–	–	–	55	–	–	–	55
Helena Feltham	74	–	–	–	74	–	–	–	74
Andrew Jennings	76	–	–	–	76	–	–	–	76
Jonathan Kempster	74	–	–	–	74	–	–	–	74
Colin La Fontaine Jackson ⁷	25	–	–	–	25	–	–	–	25
Jennifer Roebuck ³	11	–	–	–	11	–	–	–	11
	1,196	39	22	53	1,310	–	–	–	1,310

1 Benefits comprise private medical insurance and car benefits.

2 There has been no benefit relating to share price appreciation during either year or discretion exercised regarding any award where that discretion was influenced by share price appreciation or depreciation.

3 Resigned from the Board on 30 March 2020.

4 Resigned from the Board on 21 July 2020.

5 This figure includes the voluntary pay cut taken because of the pandemic.

6 Appointed to the Board on 1 July 2020. Following his death, John ceased to be a Director on 4 December 2021.

7 Appointed to the Board on 1 September 2020.

8 Following John's death, Helena was appointed Interim Chair while the Company conducted a formal search for a new Chair. For this interim role, she received an additional allowance of £75,000.

9 As a result of Rachel joining Ted Baker, she incurred certain losses when she had to repay part of a bonus she had received from her previous employer. The total amount that Rachel was required to repay was £35,821.37. The amount shown in the table for the year ending 30 January 2021 reflects the gross payments to Rachel during that year to compensate her (on an after-tax basis) for the repayments she made. In addition, as previously disclosed, it was agreed on appointment and included in Rachel's contract of employment that she would be entitled to a guaranteed bonus of £70,000, which was payable in October 2021. This payment is included in the table above for the year ending 29 January 2022.

10 Appointed to the Board on 4 August 2021.

11 David Wolfe stepped down from his role as CFO and as a Director of the Company on 7 March 2022.

12 Annual performance related bonus – paid in cash.

ANNUAL RATES OF SALARY IN FORCE DURING THE PERIOD

For the year ended 29 January 2022, Rachel Osborne's salary was £525,000 per annum (as set on her appointment to CEO).

David Wolffe's salary, as CFO, remained £395,000 per annum.

ANNUAL BONUS (AUDITED)

Recognising the continued impact of Covid on the business, including that many of Ted Baker's stores remained closed for a period during FY22 and that the Group continued to be in receipt of UK government support via the furlough scheme, it was determined that the annual bonus for FY22 would operate over two separate periods.

For FY22, 75% of the bonus was based on profit targets with reference to internal and external forecasts and 25% of the bonus was based on strategic objectives aligned to the delivery of the transformation, subject to a full year profit underpin. While the strategic element operated for the full financial year (subject to the financial underpin), the financial element operated for a reduced period taking into account the Company's reliance on government support such that it only operated for the period no furlough was received.

Maximum annual bonus opportunities were unchanged from prior year at 150% of salary for both the CEO and CFO. However, any payment was capped below this level recognising that the financial element would only operate for part of the year. Financial targets were set considering performance across the entire year with the aim of rewarding the successful mitigation of the impact of the pandemic at the start of the year as well as the Group's expected return to profitability in the latter part of the year.

While financial performance for FY22 was below the threshold target set, the full year profit underpin was met and therefore there was payment in respect of the strategic element.

Overall, the Committee considered that excellent progress had been made against the strategic objectives and delivery of the transformation despite the continued challenges and headwinds of the external environment. Full details on the individual performance of both Executive Directors are set out on the following page. Considering this performance, it was determined that the strategic element would pay out at target for the CEO and at 65% of target for the CFO, resulting in an overall performance related bonus payment of £131,250 for the CEO and £64,188 for the CFO. This represents a bonus of 17% and 11% of maximum respectively.

Financial targets (75% of the bonus)

	Threshold (0% awarded)	Target (67% awarded)	Maximum (100% awarded)	Actual
Profit before tax ¹	£29.0m loss	£23.0m loss	£17.0m loss	Below threshold

¹ For annual bonus purposes, profit before tax excludes the accounting impact of any share-based payments (IFRS 2) and leases (IFRS 16).

Objectives linked to the transformation strategy (25% of the bonus)

Chief Executive Officer – strategic performance

- **Improve product proposition** – Despite a continued promotional market throughout the year delivered against the targets set for the year. Achieved a total product sell-through of 82% for Autumn/Winter '21 in line with three-year plan.
- **Digital enhancements** – Significant progress made in year with the design and development of the new website. Final testing completed and website launched early in FY23.
- **Brand strength** – Maintained NPS score within an acceptable margin in the UK despite lower relevance of core offering due to the pandemic. Improvement in NPS score in the US and increase in prompted brand awareness (up 6% on prior year).
- **Store openings** – Opened 22 stores in the year versus a target of 10. Followed a capital-light model and focused on local markets to capitalise on local shopping trend and drive increased local engagement and brand awareness. Opened 10 joint-venture stores versus a target of 6.
- **ESG agenda** – Elevated ESG agenda across the business. Increased overall sustainability offer to 26% (versus a target of 20%) – successes across leather and polyester amongst other fabrics. Developed communities and charities roadmap providing a foundation for future volunteering programmes and charity partnerships. Ted's Diploma Project delivered across three schools. Group-wide roll out of carbon strategy, including the launch of science-based targets in October 2021 and mapping of Scope 3 emissions.
- **Cost control** – Strong cost and cash discipline throughout the financial year, with substantial savings in key areas. Strengthening of Balance Sheet with Net Debt to EBITDA ratio less than 1 at the end of the financial year.

Chief Financial Officer – strategic performance

- **Cost control** – Strong cost and cash discipline throughout the financial year, with substantial savings in key areas. Strengthening of Balance Sheet with Net Debt to EBITDA ratio less than 1 at the end of the financial year. Positive investor reaction to two cash upgrades during the year.
- **Improvements in planning and governance processes** – Implementation of new business calendar with maintenance of stock disciplines. Re-launch of Internal Audit function with go forward approach agreed with the Audit Committee. Creation of Investment Committee – work ongoing to fully embed within the business. Three-year plan delivered.
- **Re-financing** – Successfully secured covenant reset for the year given significant additional EBITDA headroom. Delivered full-term re-financing. Continuing development of banking relationships.
- **Deliver Finance Transformation** – Re-organisation of Finance with a number of new recruits. Improvement in the quality, relevance and coverage of management information provided to the Executive team. Progress made on controls remediation programme.
- **Operational efficiency** – Delivered landlord negotiations with significant savings achieved over and above those targeted. Achieved supply chain and procurement savings in excess of £3m. Stabilisation of global supply chain with full resolution of Hong Kong supply chain issues. Completed customs warehouse implementation.

LONG-TERM INCENTIVE SCHEMES (AUDITED)

Awards under the Ted Baker plc LTIP 2013 (audited)

During the period the award granted under the 2013 LTIP in April 2018 was due to vest on 3 April 2021. The next table 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	N/A	15.0%
Actual performance achieved	(96%)	(120%)
Percentage of maximum achieved	Share price underpin not achieved	0%

¹ Based on base average six-month share price at the award date of £28.09 and the six-month average at the vesting date of £1.14.

² Based on base profit per share in 2017/18 of 164.66p and final profit per share of -32.14p in 2020/21.

Given the very difficult trading environment, the required performance conditions for our profit growth and share price were not met. Similarly, the required performance conditions of our profit growth and share price for LTIP awards made in 2019 and subject to vest in April 2022 were not met, and the awards lapsed in full. The current CEO and CFO were not in role when either of 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 August 2021 awards were made under the 2020 LTIP to Rachel Osborne and David Wolffe, as detailed in the next table.

	Date of award	Type of award	Number of shares	Face value (£) ¹	Face value (% of salary)	Percentage vesting for threshold performance	End of performance period/vesting date
Rachel Osborne	3 August 2021	Nil-cost options	583,031	787,500	150%	20%	3 August 2024
David Wolffe	3 August 2021	Nil-cost options	365,551	493,750	125%	20%	3 August 2024

¹ Face value based on a share price of £1.3507, being the average middle market price in the five dealing days prior to grant.

These awards are subject to the following performance conditions. To determine the performance targets, the Remuneration Committee considered the Company's long-term strategic plan as well as external expectations. In assessing the performance and corresponding vesting outcome, some changes were made for the 2021 awards compared with the approach taken the year before.

- **Definition of cash flow** – To promote long-term investment in the business, which is critical to the Company's ongoing transformation, and to make sure the cash flow targets do not inadvertently incentivise inappropriate management behaviours, cash flow performance will be measured before any capital expenditure. The Board will, however, review the level of capital expenditure at the end of the performance period when determining vesting outcomes.
- **Wider cash flow target range and reduced vesting at threshold** – Mindful of the continued economic uncertainty, the Remuneration Committee widened the cash flow target range and, in recognition of this, the percentage of the award vesting for threshold performance was reduced from 25% to 15% for the 2021 awards. Maximum vesting under the cash flow element would require genuinely exceptional levels of performance.

Overall, the Committee believes that the performance targets set are fair to management while being appropriately stretching and aligned with creating value for shareholders.

	Weighting	Threshold performance ¹ 25% of the award vests	Maximum performance ¹ 100% of the award vests
TSR relative to retail comparators ^{2,3}	50%	Median	Upper quartile
	Weighting	Threshold performance ¹ 15% of the award vests	Maximum performance ¹ 100% of the award vests
Cash flow for the year ending January 2024 ⁴	50%	£25m	£75m

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., Currys 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 TSR measured over the 36-month period beginning 3 August 2021.

⁴ Cash flow defined as operating cash flow after lease payments, interest and tax, but before investment in capital expenditure, dividends, financing and related costs.

The cash flow element of the award (50% weighting) is subject to a minimum level of EPS being achieved so, if EPS for the financial year ending in January 2024 is below 6.0p, then the cash flow element will lapse in full.

In line with the remuneration policy, any shares vesting would be subject to an additional two-year holding period.

SHARESAVE SCHEME (AUDITED)

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

	Date of award	Type of award	Number of shares	Exercise price (£)	Face value (£) ¹	Exercise period
David Wolffe	5 October 2021	Share options	5,496	£1.31	7,595	1 November 2024 – 30 April 2025

¹ Face value based on a share price of £1.3820, 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 to hold at least 100% of base salary in shares. Shareholdings for new Executive Directors can be acquired over five years.

Director	Shares beneficially owned at 29 January 2022	Unvested		Vested but unexercised	
		Share options granted under 2013 LTIP and 2020 LTIP subject to performance conditions¹	Share options granted under Ted Baker Sharesave Scheme without performance conditions¹	LTIP 2013 and LTIP 2020 share options	Shareholding guideline met
Executive Directors					
Rachel Osborne	33,333	1,996,220	–	–	No
David Wolffe	33,333	1,074,389	18,353	–	No
Non-Executive Directors					
Helena Feltham	33,333	–	–	–	N/A
Andrew Jennings	38,338	–	–	–	N/A
Colin La Fontaine Jackson	–	–	–	–	N/A
Fumbi Chima	–	–	–	–	N/A
John Barton	133,333²	–	–	–	N/A
Jonathan Kempster	33,333	–	–	–	N/A
Meg Lustman	–	–	–	–	N/A

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

² Ceased to be a Director on 4 December 2021. Shareholding shown as at this date.

No LTIP awards were exercised during the period.

Progress against shareholding guidelines

	Salary	Share price ¹	Number of shares needed to satisfy the shareholding requirement	Shares beneficially owned 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	£0.88	599,657	33,333	6%	1,996,220	–	30/03/2025
David Wolffe	£395,000	£0.88	451,170	33,333	7%	1,074,389	18,353	18/05/2025

¹ Share price used is the closing middle market share price at 29 January 2022.

CFO TRANSITION

On 8 March 2022 we announced that Marc Dench would succeed David Wolffe as CFO. The remuneration arrangements for Marc's appointment and David's departure were managed in line with our remuneration policy.

Marc Dench

Marc Dench was appointed on a salary of £350,000 per annum (11% below that of his predecessor). He will receive pension contributions of 3% of base salary in line with the wider workforce. Marc will also participate in incentive arrangements on the same basis as other Executive Directors, with a maximum bonus opportunity of 150% of base salary and a maximum LTIP opportunity of 125% of base salary. These opportunities levels are in line with those of his predecessor.

Marc also received a share award to compensate him for remuneration he forfeited when he left his previous employer. This share award has a face value of £75,000 and will vest, subject to satisfactory individual performance, in two tranches: 20% six months after starting his employment with us and 80% three years after starting employment. This award is to replace a cash bonus he was due to receive in early 2022 and his participation in equity incentive arrangements.

To determine this award, the Remuneration Committee considered the nature and opportunity of the remuneration forfeited. The Committee believes that this award is no more generous, either in terms of the amount or the timing.

David Wolffe

David Wolffe stepped down from his role as CFO and as a Director of the Company on 7 March 2022 to pursue another opportunity.

David will be on garden leave until at least 6 May 2022 but not beyond 6 September 2022. During this time, he'll continue to receive his base salary, benefits and pension allowance each month. At the end of this leave – and the end of his employment – he will receive a lump sum payment in relation to salary, benefits and pension for the balance of his notice period to 6 March 2023.

David will still be eligible to receive an annual bonus for FY22, as set out on [page 102](#) of this report. He will not be eligible to receive any annual bonus for FY23.

Given the crucial role David played in the first phase of Ted Baker's transformation, leading the Company's recapitalisation and helping to put the business back on a path to growth, the Remuneration Committee felt it appropriate to treat him as a 'good leaver' for the purpose of the LTIP awards granted to him on 4 September 2020 and 6 August 2021. These awards will vest on the normal dates. They will be pro-rated to the date of the end of his employment and will remain subject to the relevant performance conditions. Any shares vesting will remain subject to a two-year post-vesting holding period.

David will be subject to the post-employment shareholding guideline as outlined in our remuneration policy.

The Company will settle legal costs of up to £8,000 on David's behalf. No other payments will be made in connection with his departure.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

No payments were made to past Directors in the period (2021: £nil).

PAYMENTS TO PAST DIRECTORS (AUDITED)

No payments were made to past Directors in the period (2021: £nil).

NON-EXECUTIVE DIRECTOR FEES

The Non-Executive Director fees that apply for FY23 are set out in the next table.

As Chair of the Board, John Barton received an all-inclusive fee of £200,000. Following his death, Helena Feltham was appointed as Interim Chair while the Company conducts a formal search for a new Chair. For this interim role, she receives an all-inclusive annual fee of £160,000 pro-rated for the period served.

	FY23 fees
Basic fee	£60,000
Additional fees:	
Senior Independent Director	£5,000
Committee Chair	£10,000
Committee membership	£5,000

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	11/11/2019	Contracts are of unlimited duration	N/A	12 months	None
David Wolfe ¹	18/05/2020	Contracts are of unlimited duration	N/A	12 months	None
Marc Dench	08/03/2022	Contracts are of unlimited duration	N/A	12 months	None
Non-Executive Directors					
Helena Feltham	01/05/2019	Three years	3 months	3 months	None
Andrew Jennings	01/04/2020	Three years	1 year 2 months	3 months	None
Colin La Fontaine Jackson	01/09/2020	Three years	1 year 7 months	3 months	None
Fumbi Chima	04/08/2021	Three years	2 years 6 months	3 months	None
John Barton ²	01/07/2020	Three years	N/A	3 months	None
Jonathan Kempster	17/12/2019	Three years	10 months	3 months	None
Meg Lustman	04/08/2021	Three years	2 years 6 months	3 months	None

¹ David Wolfe stepped down from his role as CFO and as a Director of the Company on 7 March 2022.

² Following his death, John Barton ceased to be a director on 4 December 2021.

PERFORMANCE GRAPH AND TABLE

The next graph charts the total cumulative shareholder return of the Company from January 2012 to January 2022. It shows the Company's performance against the FTSE All Share Personal Goods Index, the sector against which it's tracked by market analysts, and also against the FTSE All Share Index to illustrate the Company's performance in the general market.



CEO REMUNERATION

For the financial periods ended:

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total remuneration	4126 ¹	701	757	665	1217	1321	1011	485	592	762
% of maximum performance-related bonus paid	0%	90%	100%	50%	0%	0%	0%	0%	0%	17%
% of maximum LTIP vesting	100%	0%	0%	0%	100%	100%	85%	0%	–	–

¹ Total remuneration for 2013 includes an amount relating to awards vesting in August 2012 under the Ted Baker 2009 Value Creation Plan.

PERCENTAGE CHANGE IN REMUNERATION

The next table shows how the percentage change in the total remuneration for each Director – excluding share-based payments in FY21 and FY22 – compares with the percentage change in the average remuneration for all team members within the Group over the same time.

Year-on-year change %	FY22 % change			FY21 % change		
	Salary	Benefits	Bonus	Salary	Benefits	Bonus
Executive Directors						
Rachel Osborne	4.6	–	–	27	260	–
David Wolffe	50.8	43.8	–	–	–	–
Non-Executive Directors						
Helena Feltham	14.9	–	–	46	–	–
Andrew Jennings	5.3	–	–	–	–	–
Colin La Fontaine Jackson	140.0	–	–	–	–	–
Fumbi Chima	N/A	N/A	N/A	N/A	N/A	N/A
John Barton	56.4	–	–	–	–	–
Jonathan Kempster	8.1	–	–	3	–	–
Meg Lustman	N/A	N/A	N/A	N/A	N/A	N/A
All team members	18.0	10.0	–	2	3	–

CEO PAY RATIO

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

Year	Method	25th percentile 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
2021/22	Option B	43:1	42:1	15:1

Option C was used to calculate the figures in FY21 as that the time of reporting Ted Baker's gender pay gap data for April 2020 was not yet available. Option C was therefore used salary rates in force at 30 January 2021.

Option B uses the same dataset as the gender pay gap data. As the gender pay gap data is available for Ted Baker's 2022 Group Annual Report, the gender pay gap at April 2021 was 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. 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 that for the CEO. No elements of pay have been omitted.

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

	25th percentile	Median	75th percentile
Salary	16,726	18,058	49,978
Total pay and benefits	17,581	18,233	49,978

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, their market value at the median level and their 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 with most 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, given 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 next table sets out the percentage change in dividends and employee remuneration for the 52 weeks ended 29 January 2022, compared with the 53 weeks ended 30 January 2021.

	2022 £'000	2021 £'000	Percentage change
Dividends	0	0	(0%)
Employee remuneration ¹	67,473	66,278	1.8%

¹ Employee remuneration is net of furlough income.

REMUNERATION COMMITTEE AND ADVISERS

Remuneration Committee

The Remuneration Committee sets 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 that the Executive Directors have. 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. Its other members are Helena Feltham and Jon Kempster. Andrew will step down from the Board at the 2022 AGM and Meg Lustman has attended Remuneration Committee meetings to ensure there is a succession plan for his departure. The Chair and members are independent NEDs, as outlined in the Governance report on pages 76-80.

The Remuneration Committee's terms of reference are available at tedbakerplc.com/investor-relations/corporate-governance

Advisers

Deloitte LLP is the independent executive remuneration adviser to the Remuneration Committee and assisted the Committee in its work during the year. The Company appointed Deloitte in consultation with the Committee following a competitive tender process. The Committee assesses Deloitte's advice from time to time to make sure it is still independent. Deloitte adheres 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
Deloitte LLP	Company	Ongoing support in relation to all executive remuneration matters including incentive design, target-setting, stakeholder consultation, remuneration disclosures and governance developments	£109,700	Debt advisory, forensic accounting and internal controls

Remuneration Committee meetings are attended by its members only. But the Committee is helped in its work by the Group CEO, CFO and CPO, who are sometimes asked to attend meetings to present their views about specific matters – for example, to update the Committee about any changes to wider workforce remuneration. To avoid conflicts of interest, the CEO, CFO and CPO are not present when the Committee discusses agenda items that could impact their remuneration.

STATEMENT OF VOTING AT THE AGM

At the previous AGM, votes on the Remuneration Report – excluding the Directors' Remuneration Policy – were cast as follows:

	For % Number	Against % Number	Withheld Number	Reasons for votes against, if applicable	Action taken by Remuneration Committee
Approval of the 2021 Directors' Remuneration Report	93.97% 115,155,162	6.03% 7,383,184	256,387	The number of votes against the Remuneration Report was not considered to be significant	N/A

The Directors' Remuneration Policy is subject to a binding vote by shareholders every three years. It was last approved at the AGM 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% 122,540,753	10.71% 14,694,581	190,104	The number of votes against the updated policy was not considered to be significant	N/A

The Directors' Remuneration Report was approved on behalf of the Board on 26 May 2022 and signed on its behalf by:



Andrew Jennings OBE

Chair of the Remuneration Committee

26 May 2022

Directors' Report

We are required under the Companies Act to produce a Directors' Report and also make other statutory and regulatory disclosures including under LR 9.8.4R as set out in the points below.

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:

LR 9.8.4

- Details of any long-term incentive schemes (on [page 104](#))

The remaining disclosures required by LR 9.8.4 are not applicable to the company.

Other

- Information on energy consumption and greenhouse gas emissions (on [page 54](#) of the Strategic report)
- Information on future developments in the business (on [page 14](#) of the Strategic report)
- Information on people policies and team members and the employment of disabled people (on [pages 40-46](#) of the Strategic report)
- Information on engagement with its team members (on [page 42](#) of the Strategic report)
- Information on our regard for our business relationships with suppliers, customers and others (on [pages 81-83](#) of the Strategic report)
- Information on the use of financial instruments (Note 27 to the financial statements from [page 161](#))
- Information on internal controls and risk management systems in relation to the financial reporting process (on [page 60](#) of the Strategic report)
- Information included within the Compliance with the Code corporate governance statement on [pages 92-95](#).

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 15 to the accounts. The Group also has branches operating in Ireland, Portugal and Hong Kong.

RESULTS AND DIVIDENDS

The audited accounts for the 52 weeks ended 29 January 2022 are set out on [pages 116-166](#). For the 52 weeks ended 29 January 2022 the Group's loss before tax was £44.1 million (2021: loss of £107.7 million). The Directors are not recommending a final dividend.

DIRECTORS

During the period the Directors were those listed on [pages 72-73](#). Details of the Directors' beneficial interests in the shares of the Company are shown on [page 104](#). Details of their interests in share options are given in the Directors' Remuneration Report on [pages 104-105](#). You will find brief career details for each Director on [pages 72-73](#).

SUBSTANTIAL SHAREHOLDINGS

As at 29 January 2022, 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	48,334,208	26.18%
Schroder Investment Management	23,217,206	12.58%
Ray Kelvin	21,186,379	11.48%
Columbia Threadneedle Investments	17,815,325	9.65%
Legal and General	6,659,461	3.61%
Hargreaves Lansdown	6,079,753	3.29%
Fidelity Management & Research	5,720,442	3.10%

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 23 May 2022.

Name of holder	Number	% held
Toscalfund Asset Management	52,887,154	28.65%
Schroder Investment Management	23,277,565	12.61%
Ray Kelvin	21,187,002	11.48%
Columbia Threadneedle Investments	17,923,664	9.71%
Hargreaves Lansdown	6,534,025	3.54%
Barclays	8,825,125	4.78%

SHARE AND CAPITAL CONTROL

Details of the Company's share capital are shown in the Group's financial statements on [page 148](#). As at 29 January 2022 there were 184,610,683 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 2021 AGM to allot shares in the capital of the Company up to an aggregate nominal amount of £3,046,044 (being approximately 33% of the total ordinary share capital in issue prior to the 2021 AGM). This authority is due to lapse at the Annual General Meeting in 2022 (the 2022 AGM). At the 2022 AGM, shareholders will be asked to grant a similar allotment authority. The Directors were also empowered at the 2021 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 £461,521. Such amount represented approximately 5% of the Company's ordinary share capital as it stood prior to the 2021 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 2021 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 2022 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 2021 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 2022 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 29 January 2022 and their connected persons had interests in the shares of the Company as shown in the table below.

	% of share capital	29 January 2022 Beneficial Number	30 January 2021 Beneficial Number
Helena Feltham	0.02%	33,333	33,333
Andrew Jennings	0.02%	38,338	38,338
Colin La Fontaine Jackson	–	–	–
David Wolffe	0.02%	33,333	33,333
Fumbi Chima	–	–	N/A
Jon Kempster	0.02%	33,333	33,333
Meg Lustman	–	–	N/A
Rachel Osborne	0.02%	33,333	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 23 May 2022.

DONATIONS

There were no charitable donations made during the period (2021: £24,057) and a total of 3.6 tonnes of stock was donated to various charities (2021: 21 tonnes). There were no political donations made or political expenditure during the period (2021: £nil).

SOCIAL RESPONSIBILITY

Details of the Group's social, ethical and environmental responsibility initiatives can be found in our Sustainability story on [pages 48-59](#).

RISK MANAGEMENT

The Company's policies on financial risk management are outlined in Note 27 to the financial statements. This information is incorporated into this Directors' Report by reference.

POST BALANCE SHEET EVENTS

On 22 April 2022, the Group agreed with its lenders to adjust the covenant tests over the remaining life of the Revolving Credit Facility maturing in November 2023 to provide more headroom for the Group given the prolonged disruption of Covid-19 and the impact of the Omicron variant on the Group's trading in the final weeks of the last financial year.

On 18 March 2022 the Company entered into a 10-year lease for its new corporate head office, the Gorgeous Brown Building.

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 26 May 2022 and signed on its behalf by:



Rishi Sharma

Group General Counsel & Company Secretary

26 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with UK adopted international accounting standards 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 UK adopted international accounting standards. 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.

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 UK adopted international accounting standards, 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.

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 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



Helena Feltham
Interim Chair
26 May 2022

Rachel Osborne
Chief Executive Officer
26 May 2022



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OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- 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 29 January 2022 and of the Group's loss for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards 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.

We have audited the financial statements of Ted Baker plc (the 'Parent Company') and its subsidiaries (the 'Group') for the 52 weeks ended 29 January 2022 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 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 UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

BASIS FOR OPINION

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 opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the members on 21 July 2020 to audit the financial statements for the 53 weeks ending 30 January 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the 53 weeks ended 30 January 2021 and the 52 weeks ended 29 January 2022. 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. We considered going concern to be a key audit matter and 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 in the related key audit matter section later in this report.

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 and 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

Coverage¹	82% (2021: 86%) of Group profit before tax
	88% (2021: 88%) of Group revenue
	91% (2021: 92%) of Group total assets

Key audit matters

	2022	2021
Going concern	✓	✓
Carrying value of inventory	✓	✓
Carrying value of non-current assets:		
– Carrying value of store assets	✓	✓
– Carrying value of corporate assets	✗	✓
Deferred tax assets	✓	✗
Parent Company: Recoverability of investment in subsidiaries and amounts due from subsidiaries	✓	✓

Carrying value of non-current assets for the group as a whole was designated a key audit matter ("KAM") in 2021. The assets are split between store assets and corporate assets. Given the headroom on the corporate asset assessment and the reduction in volatility of trading of the group this has not been designated a KAM for the current year. The carrying value of store assets remain a KAM due to the ongoing level of judgment and estimation required at a store cash generating unit level.

Materiality	Group financial statements as a whole £3m (2021:£2.4m) based on 0.7% (2021: 0.7%) of Revenue
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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 19 (2021: 20) reporting components which represent individual legal entities and branches and we assessed two (2021: 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 two significant components. 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.

Key audit matter

How the scope of our audit addressed the key audit matter

Going concern

Note 1 sets out how the directors have formed a judgement that the use of the going concern basis is appropriate in preparing the financial statements of the Group and parent Company

The Directors' assessment of going concern has involved significant estimates and judgements. These were based on an evaluation of the inherent risks to the Group's and the Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a 12 month period to the end of May 2023.

The risks that we considered most likely to adversely affect the Group's and Company's available financial resources, including the debt facilities available under the terms that were amended in April 2022, were:

- the ongoing recovery of demand for the Group's products and services following the impact of the COVID-19 Global Pandemic
- the forecast rates of growth in revenue, particular with respect to online, which is driven largely by the new product collection but also leveraging from the benefits from the launch of the new digital sales platform early in FY 2023
- the inflationary cost pressures facing the industry and the wider economy
- the sensitivity to the above as to the financial covenants which are part of the terms for the availability of the debt facilities available

Because of the significance of this area and the effect on our audit strategy, we considered going concern and the sufficiency of the related disclosures to be a key audit matter.

We assessed the Directors' forecast models with the assistance of our internal business restructuring experts to assist the audit team in testing the application and appropriateness of assumptions approved by the Directors within the forecast cash flow model and the mathematical accuracy of the calculations within the model.

We made detailed enquiries of the board and management on the reasonableness of the assumptions and future plans modelled within the directors' base case forecasts including considering whether such plans align with expectations within the wider retail industry and adjusted for the Group's specific circumstances and recent trading information.

We considered the appropriateness of anticipated growth in trading levels, in particular with respect to online revenue through detailed enquiry and assessing the modelled impact of the new digital sales platform.

We considered the appropriateness of modelled costs in light of the impact of both the business transformation plan and inflationary cost pressures by comparing to changes to costs already being realised by the business and comparing future expectations to see if they align with the industry and wider economy.

We challenged the appropriateness of the downside sensitivities applied in the directors' Severe But Plausible ("SBP") downside stress test and reverse stress test ("RST") assessments. This included considering whether other scenarios (or events) might be appropriate to incorporate into the assessment.

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.

Key audit matter

Going concern*continued***How the scope of our audit addressed the key audit matter**

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.

Key Observations

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 and 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.

Group: Carrying value of inventory

Note 1 sets out the accounting policies for inventory.

Note 2 sets out sources of estimation uncertainty within inventory.

Note 3 sets out the changes in accounting estimates relating to inventory.

Note 17 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.

- The Directors have estimated the net realisable value of inventory based on recent trading patterns. This estimates the percentage of inventory, by season, that is expected to be sold through liquidation channels at a price that is lower than cost.
- In the year, Management has changed the basis of determining the inventory obsolescence as set out in note 3.
- The key areas of judgement and estimation by Management is the proportion of the original stock season that will enter into liquidation stage and the price at which that stock will be realised.
- The directors are required to present disclosures in a manner that helps users of financial statements to understand the judgements that directors make about the future and about other sources of estimation uncertainty.

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.

We assessed the reasonableness of the directors' estimate of the volume of inventory held at the balance sheet date that is forecast to enter liquidation channels and the liquidation recovery rate. To do this we:

- considered the directors' comparison of historic trading data to the percentages used within their provision model.
- considered whether provision percentages were appropriately risk adjusted to reflect current trading expectations within the wider retail industry and adjusted for factors specific to the business such as any changing customer demand profile for recent seasons.

We held discussions with the board and management to understand the rationale for the change in the basis of calculating the inventory provision to determine that the change is appropriate.

We performed an assessment of historic trading data used by the directors and recalculated the percentage of each season's stock that is expected to enter the liquidation stage and also the liquidation cost recovery rate.

We considered historic trading data to test non-liquidation channel sales, confirming that they do not result in items being sold for a value below cost.

We assessed Management's sensitivity analysis to consider how a change in the volume of inventory held at the balance sheet date eventually entering liquidation channels or a change in the liquidation cost recovery rate of these items could impact inventory provisions.

We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards, including the calculation of the financial impact of the change in basis. We recalculated the sensitivities disclosed to ensure they align with the directors' provisioning model.

Key observations

As a result of performing the procedures above we consider the judgements and estimates used in considering the carrying value of inventory to be reasonable.

Key audit matter

How the scope of our audit addressed the key audit matter

Group: Carrying value of non-current store assets

Note 1 sets out the accounting policies for the non-current store assets.

Note 2 sets out sources of estimation uncertainty and the key judgements made in applying policies.

Covid-19 resulted in restrictions and store closures during the audited period and there is continuing uncertainty at the balance sheet date related to the timing and level of anticipated recovery. There are also a number of inflationary cost pressures impacting future cash flows as a result of both UK and global economic events.

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 directors are required to present disclosures in a manner that helps users of financial statements to understand the judgements that directors make about the future and about other sources of estimation uncertainty.

The value in use impairment assessments include a high degree of estimation uncertainty and this was therefore considered to be a key audit matter.

We assessed the accuracy of 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 of assets 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 experts to support the audit team in assessing the reasonableness of the discount rate applied in the value-in-use model.
- assessing the methodology in respect of right of use assets and related lease costs within the impairment model.
- considering the appropriateness of managements conclusion that there were no reversal triggers based on our knowledge of the entities performance in the year.

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.

Key observations

As a result of performing the procedures above we considered the judgements and estimates included within the impairment assessments to be reasonable.

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Key audit matter

How the scope of our audit addressed the key audit matter

Group: Use of deferred tax assets

Note 1 sets out the accounting policies for deferred tax assets.

Note 2 sets out sources of estimation uncertainty and the key judgements made in applying policies.

Note 16 sets 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, leading to losses being generated.

The recoverability of the deferred tax assets is reliant on the availability of future taxable profits of those subsidiaries and the directors have accordingly prepared a forecast assessment and determined that the tax assets recognised are supported by future taxable profits against which they will be offset.

The directors are required to present disclosures in a manner that helps users of financial statements to understand the judgements that directors make about the future and about other sources of estimation uncertainty.

Due to the degree of estimation uncertainty inherent in this assessment this was considered to be a key audit matter.

We assessed the accuracy of the forecast models used to determine anticipated future taxable profits 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 involved transfer pricing experts to support the audit team in assessing the appropriateness of transfer pricing methodology adopted within the models for recovery of deferred tax assets.

We calculated our own sensitivity analysis to consider how actual results that may differ from forecast results could impact the deferred tax assets recognised.

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 consider the estimates included within the forecast use of tax assets assessment to be appropriate.

Parent Company: Recoverability of investment in subsidiaries and amounts due from subsidiaries

Note 1 sets out the accounting policies for the above assets.

Note 2 sets out sources of estimation uncertainty and the key judgements made in applying policies.

Notes 15, 18 and 26 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.

The directors are required to present disclosures in a manner that helps users of financial statements to understand the judgements that directors make about the future and about other sources of estimation uncertainty.

Due to the degree of estimation uncertainty inherent in this assessment this was considered to be a key audit matter.

We assessed the accuracy of 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 Management's sensitivity analysis to consider how actual results that may differ from forecast results could impact the assets carrying value.

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 consider the estimates included within the value-in-use assessment are reasonable.

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		Parent company financial statements	
	2022 £m	2021 £m	2022 £m	2021 £m
Materiality	3.0	2.4	1.5	1.5
Basis for determining materiality	0.7% of revenue	0.7% of revenue	1.0% of total assets	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	1.8	1.4	0.9	0.9
Basis for determining performance materiality	60% of overall materiality	60% of overall materiality	60% of overall materiality	60% of overall materiality

Performance materiality

In reaching our conclusion on the level of performance materiality to be applied for 2022 we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the group's internal controls and management's attitude towards proposed adjustments.

Component materiality

We set materiality for each component of the Group based on a percentage of between 40% and 80% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1.2m to £2.4m (2021: £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 £60,000 (2021: £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 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.

We have nothing 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 Code 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 67; and
- The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 69.

Other Code provisions

- Directors' statement on fair, balanced and understandable set out on page 114;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 60;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 60; and
- The section describing the work of the audit committee set out on page 84.

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	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 year 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	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; or – we have not received all the information and explanations we require for our audit.

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.

We discussed among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate revenue and/or profits and management bias in significant accounting estimates and judgements.

Our procedures included, but were not limited to:

- 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 to identify any known or suspected non-compliance or fraud;
- review of minutes of Board meetings throughout the year to identify any non-compliance with laws and regulation, not already disclosed by management;
- review of tax compliance and involvement of our tax experts in the audit;
- review of internal audit reports for reference of any internal control failures; 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, recoverability of deferred tax assets 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, UK

26 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group income statement

For the 52 weeks ended 29 January 2022

	Note	52 weeks ended 29 January 2022			53 weeks ended 30 January 2021		
		Underlying £'000	Non-underlying items ² £'000	Total £'000	Underlying £'000	Non-underlying items ² £'000	Total (Restated) ¹ £'000
Revenue	5	428,240	–	428,240	355,271	–	355,271
Cost of sales		(191,883)	1,220	(190,663)	(162,918)	(7,957)	(170,875)
Gross profit/(loss)		236,357	1,220	237,577	192,353	(7,957)	184,396
Distribution costs		(184,086)	(2,988)	(187,074)	(177,495)	(45,303)	(222,798)
Administrative costs		(85,803)	(10,062)	(95,865)	(71,025)	(13,402)	(84,427)
Other operating income and expenses	7	2,831	7,966	10,797	6,488	17,446	23,934
Operating loss		(30,701)	(3,864)	(34,565)	(49,679)	(49,216)	(98,895)
Share of post-tax (losses) from joint ventures	15	(1,270)	–	(1,270)	(1,136)	(7)	(1,143)
Finance income	8	259	–	259	399	655	1,054
Finance expense	8	(6,699)	(1,775)	(8,474)	(8,745)	–	(8,745)
Loss before tax	6	(38,411)	(5,639)	(44,050)	(59,161)	(48,568)	(107,729)
Taxation	10	8,160	306	8,466	19,149	2,135	21,284
(Loss) after tax attributable to owners of the Company		(30,251)	(5,333)	(35,584)	(40,012)	(46,433)	(86,445)
Loss per share	12						
Basic				(19.3p)			(56.2p)
Diluted				(19.3p)			(56.2p)

1 More details of the restatement are found in Note 3.

2 More details on non-underlying items and a reconciliation of Alternative Performance Measures are included in Note 6.

The accompanying notes are an integral part of the financial statements.

Group statement of comprehensive income

For the 52 weeks ended 29 January 2022

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
(Loss) after tax attributable to owners of the company	(35,584)	(86,445)
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	1,084	(422)
Exchange differences on translation of foreign operations net of tax	1,567	(746)
Other comprehensive income/(loss) for the period	2,651	(1,168)
Total comprehensive (loss) for the period	(32,933)	(87,613)

The accompanying notes are an integral part of the financial statements.

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Group statement of changes in equity

For the 52 weeks ended 29 January 2022

	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 30 January 2021		9,230	101,304	(1,165)	5,582	37,085	152,036
Comprehensive loss for the period							
Loss for the period		–	–	–	–	(35,584)	(35,584)
Exchange differences on translation of foreign operations		–	–	–	1,912	–	1,912
Current tax on foreign currency translation	10	–	–	–	(345)	–	(345)
Effective portion of changes in fair value of cash flow hedges		–	–	(44)	–	–	(44)
Transferred to initial carrying amount of inventory		–	–	1,184	–	–	1,184
Deferred tax associated with movement in hedging reserve	10	–	–	(56)	–	–	(56)
Total comprehensive loss for the period		–	–	1,084	1,567	(35,584)	(32,933)
Transactions recognised directly in equity							
Increase in issued share capital	24	–	–	–	–	–	–
Share-based payment charges	25	–	–	–	–	1,290	1,290
Movement on current and deferred tax on share-based payments	10	–	–	–	–	(5)	(5)
Total		–	–	–	–	1,285	1,285
Balance at 29 January 2022		9,230	101,304	(81)	7,149	2,786	120,388

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 Company £'000
Balance at 25 January 2020		2,228	10,555	(743)	6,328	122,305	140,673
Comprehensive (loss)/income 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	10	–	–	–	587	–	587
Effective portion of changes in fair value of cash flow hedges		–	–	(428)	–	–	(428)
Deferred tax associated with movement in hedging reserve	10	–	–	6	–	–	6
Total comprehensive loss for the period		–	–	(422)	(746)	(86,445)	(87,613)
Transactions recognised directly in equity							
Increase in issued share capital	24	7,002	90,749	–	–	–	97,751
Share-based payment charges		–	–	–	–	1,204	1,204
Movement on current and deferred tax on share-based payments	10	–	–	–	–	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

The accompanying notes are an integral part of the financial statements.

Company statement of changes in equity

For the 52 weeks ended 29 January 2022

	Note	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 30 January 2021		9,230	101,304	23,985	17,743	152,262
Loss for the period	11	–	–	–	(351)	(351)
Transactions with owners recorded directly in equity						
Increase in issued share capital	24	–	–	–	–	–
Share-based payments charges for awards granted to subsidiary employees	25	–	–	1,290	–	1,290
Dividends paid		–	–	–	–	–
Total transactions with owners		–	–	1,290	–	1,290
Balance at 29 January 2022		9,230	101,304	25,275	17,392	153,201

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	11	–	–	–	157	157
Transactions with owners recorded directly in equity						
Increase in issued share capital	24	7,002	90,749	–	–	97,751
Share-based payments charges for awards granted to subsidiary employees	25	–	–	1,204	–	1,204
Dividends paid		–	–	–	–	–
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

The accompanying notes are an integral part of the financial statements.

Group and company balance sheet

At 29 January 2022

	Note	Group 29 January 2022 £'000	Group 30 January 2021 Restated ¹ £'000	Company 29 January 2022 £'000	Company 30 January 2021 £'000
Intangible assets	13	28,421	34,758	–	–
Property, plant and equipment	14	30,200	39,401	–	–
Right-of-use assets	23	63,519	81,759	–	–
Investment in joint ventures	15	2,421	3,691	–	–
Investment in subsidiary companies	15	–	–	27,696	26,407
Amounts owed by Group undertakings	26,18	–	–	123,753	119,672
Deferred tax assets	16	35,187	27,635	1,638	1,100
Prepayments		84	541	–	–
Non-current assets		159,832	187,785	153,087	147,179
Inventories	17	103,071	87,848	–	–
Trade and other receivables	18	56,660	44,666	66	–
Amounts due from JV	18	4,505	4,305	–	–
Income tax receivable		1,293	7,983	–	–
Cash and cash equivalents	21	14,515	66,671	195	5,195
Current assets		180,044	211,473	261	5,195
Total assets		339,876	399,258	153,348	152,374
Trade and other payables	22	(76,893)	(86,829)	(147)	(112)
External borrowings	21	(8,000)	–	–	–
Bank overdraft	21	(3,417)	–	–	–
Income tax payable		(3,028)	(2,607)	–	–
Lease liabilities	23	(43,129)	(45,063)	–	–
Provisions	20	(199)	(1,973)	–	–
Derivative financial liabilities	19	(75)	(1,191)	–	–
Current liabilities		(134,741)	(137,663)	(147)	(112)
Provisions	20	(2,862)	(2,942)	–	–
Lease liabilities	23	(81,805)	(106,617)	–	–
Deferred tax liabilities	16	(80)	–	–	–
Non-current liabilities		(84,747)	(109,559)	–	–
Total liabilities		(219,488)	(247,222)	(147)	(112)
Net assets		120,388	152,036	153,201	152,262
Share capital	24	9,230	9,230	9,230	9,230
Share premium		101,304	101,304	101,304	101,304
Other reserves	24	(81)	(1,165)	25,275	23,985
Translation reserve	24	7,149	5,582	–	–
Retained earnings		2,786	37,085	17,392	17,743
Total equity attributable to equity shareholders of the parent Company		120,388	152,036	153,201	152,262
Total equity		120,388	152,036	153,201	152,262

¹ More details of the restatement are found in Note 3.

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 £(0.4)m (2021: £0.2m).

These financial statements were approved by the Board of Directors and authorised for issue on 26 May 2022 and were signed on its behalf by:

Marc Dench Director

Company number: 03393836

The accompanying notes are an integral part of the financial statements.

Group and company cash flow statement

For the 52 weeks ended 29 January 2022

	Group 52 weeks ended 29 January 2022 £'000	Group 53 weeks ended 30 January 2021 £'000	Company 52 weeks ended 29 January 2022 £'000	Company 53 weeks ended 30 January 2021 £'000
Cash generated from operations				
(Loss)/profit for the period	(35,584)	(86,445)	(350)	157
Adjusted for:				
Income tax credit	(8,466)	(21,284)	(538)	(157)
Depreciation and amortisation	36,738	53,109	–	–
IFRS 16 modifications	2,475	–	–	–
Amortisation of reacquired right	–	1,746	–	–
Impairment	2,988	45,303	–	–
(Profit)/Loss on disposal of business	–	(17,446)	–	–
(Profit)/loss on disposal of property, plant and equipment and right of use assets	(979)	933	–	–
Write off property, plant and equipment	1,285	325	–	–
Share-based payments charge	1,290	1,204	–	–
Net finance expense	5,539	7,691	–	–
Change in accounting estimates for inventory	–	–	–	–
IFRS 16 practical expediency	361	(361)	–	–
Net change in derivative financial assets and liabilities carried at fair value through profit or loss	–	–	–	–
Share of loss in joint venture	1,270	1,143	–	–
Increase in provisions	3,074	4,915	–	–
Decrease in non-current prepayments	406	126	–	–
Decrease/(increase) in inventory	(15,146)	43,821	–	–
Decrease/(increase) in trade and other receivables	(5,333)	21,966	(66)	–
Increase/(decrease) in trade and other payables	(21,842)	(8,135)	35	–
Income taxes received/(paid)	8,090	4,021	–	–
Net cash (used in)/generated from operating activities	(23,834)	52,632	(919)	–
Cash flow from investing activities				
Purchases of property, plant and equipment and intangibles	(7,533)	(6,981)	–	–
Proceeds from sale of property, plant and equipment	237	77,782	–	–
Investment in equity accounted investee	–	–	–	–
Increase in loans to Group companies	–	–	(4,081)	(92,557)
Interest received	206	94	–	–
Dividends received from joint venture	–	254	–	–
Payments (to)/from joint venture	(200)	157	–	–
Net cash (used in)/generated from investing activities	(7,290)	71,306	(4,081)	(92,557)
Cash flow financing activities				
Repayment of borrowings	(18,000)	(180,000)	–	–
Proceeds from borrowings and overdraft	29,402	–	–	–
Repayment of capital element of leases	(29,278)	(19,877)	–	–
Repayment of interest element of leases	(5,487)	(4,640)	–	–
Interest paid	(292)	(1,974)	–	–
Dividends paid	–	–	–	–
Proceeds from issue of shares	–	105,003	–	105,003
Cost of issue of shares	–	(7,252)	–	(7,252)
Net cash (used in)/generated from financing activities	(23,655)	(108,740)	–	97,751
Net increase/(decrease) in cash and cash equivalents	(54,779)	15,198	(5,000)	5,174
Net cash and cash equivalents at the beginning of the period	66,671	52,912	5,195	21
Exchange rate movement	2,623	(1,439)	–	–
Net cash and cash equivalents at the end of the period	14,515	66,671	195	5,195

The accompanying notes are an integral part of the financial statements.

Notes to 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.

Basis of preparation

Both the consolidated and Company financial statements have been prepared in accordance with UK adopted international accounting standards ('IFRS') and the applicable legal requirements of the Companies Act 2006. 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 52 weeks to 29 January 2022 (prior year 53 weeks to 30 January 2021).

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 2.

Adoption of new accounting standards, interpretations and amendments

There have been no changes in accounting standards during the year that materially impact the Group or Company.

The Group has revised its accounting policy for capitalisation of cloud computing software following the IFRS Interpretations Committee (IFRIC) agenda decision published in March 2019 and April 2021. The new intangible asset accounting policy is presented below. The change in the accounting policy has not materially changed the income statement for the prior year.

Certain new accounting standards and other 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 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 in Note 4.

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary undertakings made up to 29 January 2022. 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.

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.

Revenue recognition

Revenue represents amounts receivable for goods provided and amounts charged to the customer for delivery of the goods 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. See Note 3 for impact on change of accounting policy of delivery income. Delivery income represents delivery services provided to by the Group to the customer is recognised within revenue.

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 e-commerce 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. Delivery income is recognised when the goods are delivered to the customer.

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.

The Group has two classes of contractual licences (or 'licence partners'): product and territorial. Under the terms of the product licence contract, the Company licenses 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 an agreed wholesale price, 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 can include 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.

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.

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 where the vesting condition contains market based performance conditions. The fair value of awards that are subject to non-market based performance conditions are equal to the share price on the grant date. 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.

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.

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.

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.

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.

Where an intangible asset has been identified, 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.

Software-as-a-service ("SaaS") or cloud computing software do not meet the control test for an intangible asset to be identified. Generally, costs incurred to configure or customise the cloud provider's software and ongoing costs to obtain access to the cloud provider's application are recognised in the income statement when the services are received. Where customisation and configuration of implementing the SaaS arrangements include additional capability to the existing on premise software to enable it to connect with the cloud computing software, the costs are capitalised. Where customisation and configuration involve changes to the SaaS itself, the costs are expensed as the SaaS software is not controlled by the Company.

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.

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.

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 fixed 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. Variable lease payments are not included in the calculation of the lease liability and are instead expensed through the income statement within distribution costs. 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. Judgment 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. The Group has chosen to apply the Covid-19 practical expedient for its European leases where there is a rent concession as a direct result of the Covid-19 pandemic such that the rent concession on these leases are not treated as lease modifications.

Where renewal discussions on a lease extension are ongoing 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 a modification.

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 lease back 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 lease back 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.

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 uses 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 14.5% for the UK, 12.8% for Europe, 15.3% for US and 14.3% 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.

Investments

Investments in subsidiaries by the Company are shown at cost less accumulated impairment losses which are recognised in the income statement.

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 based on the expected recovery rate when stock is liquidated applied to the percentage of each season's stock that is expected to be liquidated. The methodology of calculating inventory provision has changed for the year ending 29 January 2022. See Note 3 for more details.

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. Recoverability of the amounts due from joint ventures is assessed taking into account the projected future cash flows of the joint venture. See Note 18 for further information.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, amounts held by payment processors and overnight money market deposits.

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.

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.

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 5 for further information.

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.

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.

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.

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.

Alternative performance measures

In the reporting of financial information, the Group uses certain measures that are not required disclosures under IFRS or the Companies Act. The Directors believe that these additional measures, which are used by the Board and Operating Committee to assess performance, 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.

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 6 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.

Constant currency comparatives are obtained by applying the exchange rates that were applicable for the period ended 30 January 2021 to the financial results in overseas subsidiaries for the 52 weeks ended 29 January 2022 to remove the impact of exchange rate fluctuations.

2 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 the 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 £0.3m (2021: £0.3m), (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, and consistent with the previous financial year, as a result of the uncertainties arising from Covid, management have decided to perform impairment reviews on all stores and override the impairment exemptions for the grace period and cash contribution exemptions. Corporate assets not allocated to stores are assessed for impairments at the smallest CGU level to which the assets are relevant. In the current and comparative period the corporate assets relate to one Group-wide CGU.

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 store sales offset by a rise in e-commerce sales. 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. Given the impairments provided in the prior years, an increase of 5% in the discount rate and decrease of cash flows by 10% would not increase impairment charge materially.

Carrying amount of inventories

The carrying value of inventory is recorded at the lower of cost and net realisable value. The Group manages inventory on an expected two-year life cycle within its own retail channels. At the end of two years, remaining stock is managed out of the business through a variety of distribution channels at the maximum possible sales price.

The final liquidation stage of this process involves offering stock to certain operators at much reduced prices. In the previous year the provision was calculated based on reviewing the physical stock on hand by season at the period end 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 was calculated, based on the net realisable value of the estimated inventory on hand at that point. As there becomes more certainty about the future, with the impact of disruption from future lockdowns diminishing, management believes that future forecast sales are less relevant than provisioning by season based on recent trading patterns. As such the current model is no longer deemed to be appropriate and during the period ended 29 January 2022, management has changed the basis of determining the inventory obsolescence. The new provisioning policy is based on reviewing the percentage of an original stock season that has entered the liquidation stage and the cost recovered at that time. The percentage of each season's total stock purchases that is still on hand at the end of the period is determined and the amount of this stock that is expected to enter the liquidation stage is calculated. The liquidation cost recovery percentage is then applied to this to obtain the provisioning percentage by season and this is used to update the actual provision by season. The two key sensitivities to the calculation of the provision are the percentage of the original stock season entering into the liquidation stage and the percentage of cost that is recovered. A 10% increase/reduction in the amount of stock entering into the liquidation stage would result in an additional charge or reduction in the charge of £0.9m or £0.3m respectively. A 10% reduction/increase in the liquidation cost recovery rate would lead to an additional charge of £0.7m or a reduction in the charge of £0.5m respectively.

At 29 January 2022, the inventory provision was £8.1m (2021: £17.4m), representing 7.4% (2021: 17.0%) of the gross carrying value of inventory. The impact of the change in the basis of the calculation of the estimate for inventory provisioning was a decrease of £10.0m.

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. Future profits are based on using the Board approved budget and Three-year plan, with forecasts

beyond this period being based on expected GDP rates of growth and inflation estimates. These forecasts by nature carry a degree of uncertainty and a material change to the expected outturn could have an adverse impact on the results of the Group or an entity within the Group and result in a reduction in the deferred tax asset being recognised in future accounting periods due to a reduction in taxable profits. Each jurisdiction has specific rules on how much of a deferred tax asset can be offset against yearly profits. Management have taken this into account when calculating the balance and assessing its potential unwinding. Assumptions have also been made on the amount and timing of the repatriation of profits between Group entities. Changes in either could result in a change to the deferred tax balance recognised in individual entities and the overall Group deferred tax balance.

Onerous contract provision

In the period to 29 January 2022, £1.2m was released and £0.6m was utilised in relation to onerous contracts in relation to cancelled purchase orders due to the Covid pandemic. The unutilised balance remaining at 29 January 2022 was £0.2m (30 January 2021: £2.0m).

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 uses 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 18 for further information.

Judgements made in applying accounting policies

Alternative performance measures ('APM') – 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 6.

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 incremental borrowing rate. 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

For impairment assessment, applying a grace period for stores 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, management has 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 reviews 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, management has 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.

3 CHANGES IN ACCOUNTING ESTIMATES, ERRORS OR MISSTATEMENTS

Changes in accounting estimates and policies

Carrying amount of inventories

The carrying value of inventory is recorded at the lower of cost and net realisable value. The Group manages inventory on an expected two-year life cycle within its own retail channels. At the end of two years, remaining stock is managed out of the business through a variety of channels and partners in order to recover as much of the original cost as possible. The final part of this process involves offering stock to certain operators at much reduced prices – the final ‘liquidation’ of the stock holding. In the previous year the provision was calculated based on reviewing the physical stock on hand by season at the period end 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 was calculated, based on the net realisable value of the estimated inventory on hand at that point. As there becomes more certainty about the future, with the impact of disruption from future lockdowns diminishing, management believes that future forecast sales are less relevant than provisioning by season based on recent trading patterns. As such the current model is no longer deemed to be appropriate and during the period ended 29 January 2022, management has changed the basis of determining the inventory obsolescence. The new provisioning policy is based on reviewing the percentage of an original stock season that has entered the liquidation stage and the cost recovered at that time. The percentage of each season’s total stock purchases that is still on hand at the end of the period is determined and the amount of this stock that is expected to enter the liquidation stage is calculated. The liquidation cost recovery percentage is then applied to this to obtain the provisioning percentage by season and this is used to update the actual provision by season. The two key sensitivities to the calculation of the provision are the percentage of the original stock season entering into the liquidation stage and the percentage of cost that is recovered. A 10% increase/reduction in the amount of stock entering into the liquidation stage would result in an additional charge or reduction in the charge of £0.9m or £0.3m respectively. A 10% reduction/increase in the liquidation cost recovery rate would lead to an additional charge of £0.7m or a reduction in the charge of £0.5m respectively.

At 29 January 2022, the inventory provision was £8.1m (2021: £17.4), representing 7.4% (2021: 17.0%) of the gross carrying value of inventory. The impact of the change in the basis of the calculation of the estimate for inventory provisioning was a £10.0m reduction.

Change in presentation of carriage costs

In the year ended 29 January 2022, management concluded that only costs of delivering stock to the warehouse and carriage costs out of the warehouse associated with online sales and retail should be considered in cost of sales. All other carriage costs out of the warehouse should be treated as distribution costs. The prior year numbers have been restated with an increase in distribution costs of £1.6m and a decrease in cost of sales of the same amount. There is no impact on operating loss, but gross profit has increased due to the £1.6m reclassification to distribution costs.

Capitalisation of configuration and customisation costs in SaaS arrangements

The customisation and configuration activities undertaken in implementing SaaS software may include the development of code that enhances and modifies or creates additional capability to the existing software installed on the Company’s servers. Where this is the case the costs of customisation and configuration are capitalised. Where the customisation and configuration activities are performed on the internal infrastructure of the cloud service provider, the activities are not enhancing or modifying an asset the company controls and therefore the costs are expensed in the income statement.

In the year ending 29 January 2022, £6.5m of costs of relating to the implementation of the Group’s new website has been expensed through the income statement within non-underlying expenses and £1.0m of costs relating to the implementation of other SaaS software have been expensed within underlying expenses. £1.3m of new website costs which had previously been capitalised in the prior year has been expensed in the current year within non-underlying expenses.

Total amount capitalised in the year in relation to implementation of SaaS software was £2.5m, which includes £2.0m relating to the new website.

Errors or misstatements

Prior year adjustment – balance sheet and cash flow statement reclassification relating to lease liabilities

In the comparative period, there was a material impact to timing and amount of rental payments during the Covid crisis, as payments to landlords were delayed. The lease liability balance disclosed in our Condensed Group Balance Sheet was understated with the corresponding delayed payments due to landlords being disclosed within Trade and other payables. The Balance Sheet as at 30 January 2021 has been restated to reclassify these balances, reducing Trade and other payables and increasing Current Lease Liabilities (2021: £11.3m). This is a reclassification within the Balance Sheet with no change to Net Assets. This had a corresponding impact on the Condensed Group Cash Flow Statement with lease payments being overstated (capital of £9.2m and Interest of £2.1m), whilst decrease in Trade and other payables was understated. This decreased net cash generated from operating activities by £11.3m and increased net cash from financing activities by £11.3m. There is no impact on the net decrease in cash and cash equivalents. There is no restatement impact on the Income Statement or Retained Earnings.

Prior year adjustment – delivery income

In year ended 2021, delivery income generated through online sales was included within cost of sales rather than shown within revenue. Therefore, the prior year numbers have been restated with an increase in revenue of £3.3m and an increase in cost of sales of the same amount. There is no impact on gross profit or operating loss.

4 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 can operate within its existing facilities and can meet its financial covenant tests during this period.

The Directors' assessment considers the principal risks facing the business and an evaluation of financial forecasts prepared by management. Two primary financial forecasts have been evaluated, as detailed further below.

The Group's going concern assessment has been based on the 12-month financial forecast through to end May 2023, derived from these longer-term forecasts.

The Group holds an £80 million Revolving Credit Facility ('RCF') maturing in November 2023. At year end, the facility had been drawn down £8.0 million and the Group had a net cash position of £3.1 million. On 22 April 2022, the Group agreed with its lenders to adjust the covenant tests over the remaining life of the facility to provide more headroom for the Group given the prolonged disruption of Covid-19 and the impact of the Omicron variant on the Group's trading in the final weeks of the last financial year. The RCF facility size remains the same, with financial covenants reset to levels that reflect the levels of disruption modelled within the Downside Case.

In forming their assessment on going concern the Directors have considered the Group's ability to meet its covenant tests and operate within the liquidity headroom provided by the RCF under the Downside Case forecast. The Directors anticipate starting discussions to renew the RCF, which expires in November 2023, during Summer 2022, and believe that, based on the forecasts, the underlying strength and appeal of the Ted Baker brand alongside the positive and supportive relationship that the Group has had with its lender banks, the Group will be able to agree an extension to the RCF at an appropriate level and terms prior to its maturity.

Base Case

The Base Case forecast is centred on an assumption of progressive recovery from the impact of Covid on our own and third-party physical retail channels, and on strong growth in our own e-commerce sales in the second half of the year following the launch of our new digital platform in the first quarter and reflecting the subdued performance of our e-commerce sales in equivalent periods of the prior year. A reduction in the Group's fixed cost base is incorporated based on efficiencies delivered through the transformation plan. The Base Case assumes that no further lockdowns, social or travel restrictions are implemented over the going concern period.

Significant assumptions within the Base Case are:

- Store sales recover to 80-85% of pre-pandemic levels, with the removal of social and travel restrictions and a return to city centre shopping locations. A full year of physical store operations is assumed, with no enforced closures. Store sales are forecast at an individual store level reflecting the country, type of location and performance trends when restrictions were eased in the prior year
- eCommerce sales are forecast with strong growth in the second half of the year driven by, i) an increase in sales through third-party concession channels where we have increased the product range and availability on key partner platforms and, ii) increased sales on tedbaker.com, following the launch of our new platform and reflecting the weaker comparable period
- Wholesale sales are forecast to increase at low double-digit levels but remain at less than 80% of pre-pandemic levels. Although our wholesale partners are subject to the same footfall recovery assumptions as for our own retail stores and concessions, we have applied a more conservative recovery assumption due to the globally diverse nature of our wholesale partners
- Product licence income is projected to recover in line with the growth of physical retail channels, as retail footfall returns and travel restrictions are eased
- Operating costs include variable costs (such as distribution costs and digital marketing) that are based on contracted or expected market rates and the sales forecast by channel. Fixed costs (such as payroll and rent) are modelled with an inflationary increase and include the benefits delivered from the Group's transformation programme, such as a reduction of approximately £30 million in the Group's payroll cost, relative to the pre-pandemic year. Store lease costs include agreed rent reductions plus reductions assessed as having a high probability of being delivered in the financial year.

The Base Case scenario provides material liquidity and covenant headroom throughout the going concern period of assessment.

Downside Case – “Severe but Plausible”

The Downside Case forecast is predicated on a very challenging trading environment, with significant reductions to the sales growth rate assumptions used in the Base Case to reflect a more prolonged recovery post-pandemic, lower growth in eCommerce sales and a more subdued consumer retail spending environment given the potential impact of the increased cost of living as well as uncertainty arising from the invasion of Ukraine. An increased level of cost inflation has been assumed relative to the Base Case.

The Downside Case scenario reflects the following assumptions compared to the Base Case:

- Lower store sales growth rates to reflect a slower than anticipated post-pandemic recovery. This includes a slower return to city centre shopping locations and international travel, combined with a more subdued consumer retail spending environment. Store sales in the downside case only recover to approximately 65-70% of pre-pandemic levels
- Significantly lower growth in eCommerce sales, reflecting an extended period of disruption following the launch of the Group’s new digital sales platform as well as the macro-economic factors noted above – in the Downside Case the Group’s tedbaker.com eCommerce sales are 2.5% higher than FY22 and 11% higher than FY20, the pre-pandemic year
- Wholesale sales and licence income growth rates reduced to reflect the same macro-economic factors as our own retail sales channels
- Gross margin rate reduced by approximately 50 basis points to reflect impact of further supply chain disruption and inflationary pressure on input prices
- Fixed cost inflation increased by 200 basis points, to reflect greater than forecast inflationary pressures
- Variable costs reduce in line with reduced sales to partly offset the impact of the reduced sales growth.

The Group has adequate liquidity and covenant headroom throughout the going concern period under the Downside Case scenario.

At the lowest point the covenant test at the end of Q1 FY24 the Group has EBITDA headroom of £5.3m.

Reverse Stress Test

In addition to the scenarios described above, the Directors have performed a Reverse Stress Test, applying further reductions to e-Commerce sales and a higher rate of cost inflation – with an additional increase to certain areas of the Group’s cost base relative to the Downside Case to quantify the level of sales decline and cost increases that can be absorbed until financial covenants are breached.

The Reverse Stress Test scenario only considers cost savings from directly attributable variable costs associated with the reduction in sales.

No other cost savings are assumed to be delivered. The Directors note however that the Group was able to make significant cost savings with short lead times in response to the initial lockdowns at the start of the global pandemic.

Under the Reverse Stress Test scenario, Group revenues for the going concern period are £459m, 3% above the comparable 12 month period ended May 2022, a period that was impacted by significant Covid-19 disruption with extended store lockdowns, travel restrictions, work from home guidance and the Omicron variant.

The Reverse Stress Test scenario results in the Group’s level of EBITDA breaching the covenant test in Q1 FY24. Liquidity under the facility is adequate, even under the Reverse Stress Test.

The Directors consider that the likelihood of the scenario envisaged under the Reverse Stress Test arising is remote and, that in the event it did arise, the Group has demonstrated its ability to deliver cost savings when facing such extreme situations as envisaged under the Reverse Stress Test.

Mitigating actions

If performance deviates materially from the Base Case and is trending towards or worse than the Downside Case there are several actions that the Group could undertake to mitigate the liquidity and profit impact. These include:

- Cost saving initiatives with a focus on areas of discretionary spend such as marketing, travel, and certain professional fees. These cost savings are not included within the existing forecasts
- Reduction in stock intake of new season stock to reflect the lower sales projections
- Reduction in project and capital expenditure – noting that the Group has recently launched its new digital platform so such a reduction in capital expenditures for a period of time would not adversely impact our enhanced digital sales and omnichannel customer proposition.

Having considered the forecasts noted above, the mitigating actions available to management, recent trading performance and having regard to the macro-economic risks and uncertainties to which the Group is exposed, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue operating for the foreseeable future, and to operate within its borrowing facilities and covenants for a period of at least 12 months from the date of these financial statements. The Directors have also considered if the events and conditions noted above represent a material uncertainty over the Group’s ability to operate over this period and have concluded that they do not. Accordingly, the financial statements have been prepared on the going concern basis.

5 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

52 weeks ended 29 January 2022	Retail £'000	Wholesale £'000	Licensing £'000	Total £'000
Revenue	301,916	111,169	15,155	428,240
Cost of sales before non-underlying items	(121,134)	(70,749)	–	(191,883)
Gross profit before non-underlying items	180,782	40,420	15,155	236,357
Operating costs	(169,722)	–	–	(169,722)
Operating contribution before non-underlying items	11,060	40,420	15,155	66,635
Reconciliation of segment result to loss before tax				
Segment result before non-underlying items	11,060	40,420	15,155	66,635
Other operating costs	–	–	–	(100,167)
Other operating income	–	–	–	2,831
Operating loss before non-underlying items				(30,701)
Finance income	–	–	–	259
Finance expense	–	–	–	(6,699)
Share of losses from joint ventures	–	–	–	(1,270)
Loss before tax and non-underlying items				(38,411)
Non-underlying items before tax	–	–	–	(5,639)
Loss before tax				(44,050)
Depreciation and amortisation	(9,038)	(281)	–	(9,319)
Unallocated depreciation and amortisation	–	–	–	(10,798)
Depreciation of right of use assets	–	–	–	(16,621)
Total depreciation and amortisation				(36,738)

5 Segment Information continued

53 weeks ended 30 January 2021 (Restated ¹)	Retail £'000	Wholesale £'000	Licensing £'000	Total £'000
Revenue	257,544	85,278	12,449	355,271
Cost of sales before non-underlying	(111,390)	(51,528)	–	(162,918)
Gross profit before non-underlying items	146,154	33,750	12,449	192,353
Operating costs	(165,458)	–	–	(165,458)
Operating (loss)/contribution before non-underlying items	(19,304)	33,750	12,449	26,895
Reconciliation of segment result to loss before tax				
Segment result before non-underlying items	(19,304)	33,750	12,449	26,895
Other operating costs	–	–	–	(83,062)
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)
Depreciation and amortisation	(7,493)	(206)	–	(7,699)
Unallocated depreciation and amortisation	–	–	–	(20,393)
Depreciation of right of use assets	–	–	–	(26,763)
Total depreciation and amortisation				(54,855)

¹ More details of the restatement are found in Note 3.

b) Geographical information

52 weeks ended 29 January 2022	UK £'000	US £'000	Rest of the World ² £'000	Total £'000
Revenue	262,228	116,611	49,401	428,240
Non-current assets ¹	99,031	11,854	11,368	122,253
53 weeks ended 30 January 2021				
Revenue	217,726	95,084	42,461	355,271
Non-current assets ¹	136,641	16,214	3,604	156,459

¹ Non-current assets exclude deferred tax assets and investment in joint ventures.

² Rest of the World includes Europe, Canada, and South Africa.

5 Segment Information continued

c) Revenue by collection¹

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Menswear ¹	138,677	119,790
Womenswear ¹	270,892	219,744
	409,569	339,534

¹ Revenue by collection includes retail and wholesale revenue and excludes licence income and delivery income.

d) Retail revenue

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Stores	168,130	109,342
E-commerce	133,786	148,202
	301,916	257,544

6 LOSS BEFORE TAX

Loss before tax is stated after charging/(crediting):

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Depreciation and amortisation ¹	36,738	53,109
Non-underlying items (further detail below)	5,639	48,568
Leasehold properties:		
Variable rental payments ²	4,134	1,728
Concessions:		
Minimum contract payments ²	617	3,621
Variable rental and commission payments ²	23,351	39,325
(Profit)/loss on sale of property, plant and equipment and intangibles	(979)	933
Practical expedient on IFRS 16	361	(361)
Government schemes ³	(3,599)	(10,545)
Close out of foreign exchange hedge contracts	–	(6,916)
Gain on lease modifications	(891)	(2,992)
Auditors' remuneration:		
Audit of these financial statements	250	150
Amounts receivable by the Company's auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	1,115	754
Interim financial statements review	215	130
Other statutory auditors	110	73
Other assurance services	30	–

¹ The Group has applied IFRS 16. Depreciation of right-of-use asset of £16.6m (2021: £26.8m) has been included within £36.7m above (2021: £53.1m).

² Disclosed above are the variable rentals charged relating to leasehold properties and 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 e-commerce sales with concession partners not meeting the definition of a lease under IFRS 16.

³ Support received from governments around the world to support businesses throughout the Covid epidemic. Payments from the UK government for furloughed employees amounted to £1.4m (2021: £8.5m).

6 Loss Before Tax continued

Reconciliation of profit before tax to profit before tax and non-underlying items:

	Notes	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Loss before tax		(44,050)	(107,729)
Non-underlying items			
Included in cost of sales:			
Inventory changes in estimates	1	–	(6,065)
Onerous contract provision	2	1,171	(1,973)
Other		49	81
Included in gross profit		1,220	(7,957)
Included in distribution costs:			
Impairment of intangibles, property, plant and equipment and right-of-use assets	3	(2,988)	(45,303)
Included in administrative costs:			
Acquisition costs and unwind of fair value accounting adjustments	4	–	(1,987)
Reorganisation, restructuring costs and other legal and professional costs	5	(2,231)	(11,415)
Digital platform – ‘SaaS’ cost	6	(7,831)	–
Included in other operating loss:			
Gain on sale and lease back of head office	7	–	17,446
Head office exit receivable	8	7,966	–
Included in operating loss		(3,864)	(49,216)
Included in share of post-tax profits from joint venture:			
Unwind of fair value adjustments		–	(7)
Included in finance income/(expense):			
Foreign exchange on the translation of monetary assets and liabilities denominated in foreign currencies	9	(1,775)	655
Non-underlying items		(5,639)	(48,568)
(Loss)/profit before tax and non-underlying items		(38,411)	(59,161)

Notes

- 1 Logistics and freight costs previously capitalised in stock were expensed in FY21 following a change in estimate.
- 2 Details of the onerous contract provision can be found in Note 2.
- 3 The Group impaired a number of assets resulting in a charge of £3.0m (2021: £45.3m), including key money, leasehold improvements and right-of-use assets. This is net of a release in prior year impairments caused by lease modifications, amounting to £0.8m.
- 4 Charges in the 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.
- 5 A number of costs were incurred during the year, relating to the restructuring and reorganisation of the business. These include:
 - a. £0.4m (2021: £3.7m) for redundancy costs.
 - b. £1.7m (2021: £5.3m) for restructuring costs
 - c. £0.1m (2021: £2.5m) for other legal and professional fees
- 6 £7.8m of costs relating to cloud-based website have been expensed in the current year. See Note 3 for accounting policy applied on capitalisation of configuration and customisation costs in SaaS arrangements.
- 7 Relates to the sale and lease back of the corporate head office building.
- 8 The Group is due £8.0m from the landlord when it exits its current head office building. This amount crystallised in the half year when the Group did not exercise its option on an alternative building owned by the landlord. Receipt of funds is expected in FY23.
- 9 Foreign exchange loss on re-translation of intercompany balances denominated in foreign currencies.

7 OTHER OPERATING INCOME AND EXPENSES

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Close out of foreign exchange hedge contracts	–	6,916
Gain on sale and lease back of head office	–	17,446
Other	1,852	505
Head office exit receivable	7,966	–
	9,818	24,867
Gain/(loss) on disposal of fixed assets	979	(933)
	10,797	23,934

The Group is due £8.0m from the landlord when it exits its current head office building. This amount crystallised in the half year when the Group did not exercise its option on an alternative building owned by the landlord. Receipt of funds is expected in FY23.

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 £17.4m on the sale and lease back transaction of the Group's head office ('UBB') has been recorded in 2021 as the Group sold UBB and immediately reacquired the use of the asset by entering into a lease with the landlord. The head office freehold asset has been derecognised on completion of the sale and a lease liability and right-of-use asset recognised in relation to the lease back.

8 FINANCE INCOME AND EXPENSES

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Finance income		
– Interest receivable	259	94
– Foreign exchange gains	–	960
	259	1,054
Finance expenses		
– Interest payable	(311)	(1,964)
– Interest on lease liabilities ¹	(5,487)	(6,781)
– Foreign exchange losses	(2,676)	–
	(8,474)	(8,745)

¹ Interest on lease liabilities includes £0.5m reduction of interest for the year due to modifications made to IFRS 16 leases.

9 STAFF NUMBERS AND COSTS

The average number of employees (including Executive Directors) was:

	52 weeks ended 29 January 2022 Number	53 weeks ended 30 January 2021 Number
Sales	1,632	1,910
Design	53	63
Administration	560	624
	2,245	2,597
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	58,326	57,147
Share-based payment charge	1,290	1,204
Social security costs	6,509	6,515
Pension costs	1,348	1,412
	67,473	66,278

The remuneration figures above are shown net of £3.0m (2021: £10.5m) received under government Covid support schemes.

Directors' remuneration

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Executive Directors' remuneration	1,231	857
Non-Executive Directors' remuneration	548	432
Company contributions to Executive Directors' money purchase pension plans	23	22

The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest paid Director was £0.8m (2021: £0.6m).

No amounts were paid in relation to pension contributions to a money purchase scheme during the period ended 29 January 2022 or the period ended 30 January 2021. Payments in lieu of pension were made to Rachel Osborne and David Wolfe during the period totalling £13,125 (2021: £13,639) and £9,875 (2021: £7,865).

10 INCOME TAX EXPENSE

a) The tax charge comprises:

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Current tax		
United Kingdom corporation tax	(87)	(180)
Overseas tax	(51)	(1,275)
Deferred tax		
United Kingdom corporation tax	(11,146)	(7,129)
Overseas tax	2,229	(10,737)
Prior period under/(over) provision		
Current tax	(714)	(6,113)
Deferred tax	1,303	4,150
	(8,466)	(21,284)

b) Current year deferred tax movement by type

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Property, plant and equipment	3,653	5,306
Share-based payments	374	(3)
Losses	6,986	7,929
Inventory	(1,092)	147
Other	(1,004)	4,487
	8,917	17,866

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.

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Loss before tax	(44,050)	(107,729)
Loss multiplied by the standard rate in the UK – 19%, (2021: standard rate in the UK of 19%)	(8,370)	(20,469)
Income not taxable/expenses not deductible for tax purposes	1,295	(3,847)
Overseas losses not recognised	1,464	5,313
Withholding tax expensed	321	505
Chargeable gain on disposal	–	3,299
Movement in current and deferred tax on share awards and options	(124)	180
Prior period over provision	589	(1,775)
Recognition of losses previously not recognised	10	(20)
Effect of rate change on deferred tax	(2,127)	166
Difference due to overseas tax rates	(1,524)	(4,636)
Total income tax credit	(8,466)	(21,284)

The tax credit for the current year includes a credit of £0.3m (2021: £2.1m) in respect of non-underlying items. This arises from deductible items, primarily in the UK, on IFRS 16 impairments, digital platform – SaaS costs and net head office exit receivables.

10 Income Tax Expense continued**d) Deferred and current tax recognised directly in equity**

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Deferred tax (credit)/charge on share awards and options	5	(20)
Deferred tax (credit)/charge associated with movement in hedging reserve	56	(6)
Deferred tax (credit)/charge associated with foreign exchange movements in reserves	345	(587)
	406	(613)

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.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted at the balance sheet date.

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 25% (2021: 19%). Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

11 PROFIT ATTRIBUTABLE TO TED BAKER PLC

The (loss)/profit after tax for the 52 weeks ended 29 January 2022 of Ted Baker plc, the parent Company, was £(0.4)m (2021: £0.2m). This included non-underlying costs of £nil (2021: £nil). The Directors have approved the income statement for the parent Company.

12 EARNINGS PER SHARE

	52 weeks ended 29 January 2022 Number	53 weeks ended 30 January 2021 Number
Number of shares:		
Weighted number of ordinary shares outstanding	184,610,683	153,941,467
	£'000	£'000
Earnings:		
Loss for the period basic and diluted	(35,584)	(86,445)
Underlying (loss)/profit ¹	(30,251)	(40,012)
Basic loss per share	(19.3p)	(56.2p)
Underlying (loss)/earnings per share ¹	(16.4p)	(26.0p)
Diluted loss per share	(19.3p)	(56.2p)
Underlying diluted (loss)/earnings per share ¹	(16.4p)	(26.0p)

Due to the loss-making position at the year end, all potential ordinary shares (see Note 25) are considered to be antidilutive.

¹ Underlying profit for the period and underlying earnings per share is shown before non-underlying items. Non-underlying items net of tax were £5.6m (2021: £46.4m).

13 INTANGIBLE ASSETS

	Reacquired right £'000	Key money £'000	Computer software £'000	Computer software under development £'000	Total £'000
Cost					
At 30 January 2021	3,781	617	60,510	1,568	66,476
Additions	–	–	–	3,991	3,991
Write offs	–	–	–	(1,327)	(1,327)
Disposal	–	–	(77)	–	(77)
Transfers	–	–	1,565	(1,565)	–
Exchange rate movement	–	–	28	–	28
At 29 January 2022	3,781	617	62,026	2,667	69,091
Amortisation					
At 30 January 2021	3,781	617	27,320	–	31,718
Charge for the period	–	–	8,970	–	8,970
Disposal	–	–	(47)	–	(47)
Exchange rate movement	–	–	29	–	29
At 29 January 2022	3,781	617	36,272	–	40,670
Net book value					
At 29 January 2022	–	–	25,754	2,667	28,421
At 30 January 2021	–	–	33,190	1,568	34,758

	Reacquired right £'000	Key money £'000	Computer software £'000	Computer software under development £'000	Total £'000
Cost					
At 25 January 2020	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	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

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. Transfers from the computer software under development category in the period amounted to £1.6m (2021: £5.1m) while additions into this category were £1.2m (2021: £3.7m).

14 PROPERTY, PLANT AND EQUIPMENT

	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 30 January 2021	–	115,751	96,684	109	849	213,393
Additions	–	5	775	–	2,761	3,541
Transfers	–	37	1,269	–	(1,306)	–
Write offs	–	(5)	(44)	–	–	(49)
Disposals	–	(2,785)	(3,880)	–	–	(6,665)
Exchange rate movement	–	641	(730)	–	–	(89)
At 29 January 2022	–	113,644	94,074	109	2,304	210,131
Depreciation						
At 30 January 2021	–	88,510	85,373	109	–	173,992
Charge for the period	–	5,409	5,738	–	–	11,147
Write offs	–	–	(315)	–	–	(315)
Disposals	–	(2,785)	(3,258)	–	–	(6,043)
Impairment	–	381	780	–	–	1,161
Exchange rate movement	–	259	(270)	–	–	(11)
At 29 January 2022	–	91,774	88,048	109	–	179,931
Net book value						
At 29 January 2022	–	21,870	6,026	–	2,304	30,200
At 30 January 2021	–	27,241	11,311	–	849	39,401

	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 25 January 2020	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

Details on the impairment of property, plant and equipment are shown in Note 2.

15 INVESTMENTS (COMPANY)

a) Subsidiary undertakings

As at 29 January 2022 and 30 January 2021, 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	54 West 21st Street, 11th floor, New York, NY 10010, 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	Calle de Claudio Coello, 44, 28001 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	Poststrasse 14-16; 20354 Hamburg	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	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	C/O Mazars Japan K.K., ATT New Tower 11F, 2-11-7, Akasaka, Minato-ku, Tokyo	Retail of designer clothing	100%
Little Lobster Limited	UK	The Ugly Brown Building 6a St Pancras Way London NW1 0TB United Kingdom	Dormant	100%
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	54 West 21st Street, 11th floor, New York, NY 10010, 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%

*Held directly by Ted Baker plc

15 Investments (Company) continued**b) Subsidiary undertakings – cost and net book value**

	Company £'000
At 30 January 2021	26,407
Increase in cost of investment for share options/awards granted to subsidiary employees	1,290
At 29 January 2022	27,696
	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

c) Investments in joint ventures

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 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 registered office addresses of the joint ventures 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	15/F, Soundwill Plaza II-Midtown, 1-29 Tang Lung Street, Causeway Bay, Hong Kong

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Opening investment in joint ventures	3,691	5,088
Investment	–	–
Share of (loss) of joint ventures	(1,270)	(1,136)
Share of non-underlying cost of joint ventures	–	(7)
Dividend received	–	(254)
Closing investment in joint ventures	2,421	3,691

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 29 January 2022.

There are no contingent liabilities relating to the Group's interest in the joint ventures, and no contingent liabilities of the ventures itself. The joint ventures' loss for the periods ended 29 January 2022 and 30 January 2021 and its assets and liabilities are as follows:

	29 January 2022 £'000	30 January 2021 £'000
Non-current assets	19,574	19,886
Current assets	16,459	17,819
Current liabilities	(33,106)	(32,527)
Net assets	2,927	5,178
Share capital	41,645	39,766
Retained earnings	(35,693)	(33,092)
Current period loss, net of tax	(3,025)	(1,496)
Exchange rate movement	–	–
Total equity	2,927	5,178

16 DEFERRED TAX ASSETS AND LIABILITIES

As at 29 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	144	374	(5)	–	513
UK tax losses	4,782	7,948	(345)	–	12,385
Other	402	(52)	–	–	350
Derivative financial instruments	70	–	(56)	–	14
Property, plant and equipment	252	2,275	–	–	2,527
Total deferred tax asset on UK operations	5,650	10,545	(406)	–	15,789
Deferred tax asset on foreign operations arising from:					
Foreign losses	4,850	1,190	–	103	6,143
Inventory	1,347	(1,039)	–	30	338
Property, plant and equipment	1,643	(644)	–	39	1,038
IFRS 16	6,729	(1,536)	–	31	5,224
Other	2,547	430	–	3	2,980
State taxes	4,869	(1,252)	–	58	3,675
Total deferred tax asset on foreign operations	21,985	(2,851)	–	264	19,398
Deferred tax liability on foreign operations arising from:					
IFRS 16	–	(80)	–	–	(80)
Net deferred tax asset/(liability) on foreign operations	21,985	(2,931)	–	264	19,318
Total deferred tax asset/(liability)	27,635	7,614	(406)	264	35,107

Refer to Note 2 for taxation estimates.

At 29 January 2022, the net deferred tax asset of £35.1m (2021: £27.6m) comprises a deferred tax asset of £35.2m (2021: £27.6m) and a deferred tax liability of £0.1m (2021: £ nil).

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 total unused cumulative tax losses for which no deferred tax asset has been recognised in the balance sheet is £19.9m (2021: £16.9m). £1.7m of losses will expire in 0-5 years, £3.3m of losses will expire in 6-10 years, and £14.9m of losses have no expiration date. This results in a potential deferred tax asset of £5.3m (2021: £5.0m) not recognised.

Company Deferred Tax Assets and Liabilities

As at 29 January	Asset/(liability) brought forward £'000	(Charge)/credit to Income Statement £'000	(Charge)/Credit to Equity £'000	Asset/(liability) carried forward £'000
Deferred tax asset:				
UK tax losses	1,100	538	–	1,638
Total	1,100	538	–	1,638

17 INVENTORIES

	Group 29 January 2022 £'000	Group 30 January 2021 £'000
Raw materials and packaging	2,458	1,960
Work in progress	614	657
Finished goods and goods for resale	99,999	85,231
	103,071	87,848
Cost of inventories recognised as an expense within cost of sales during the period	163,880	156,444

The write back of inventory to fair value less cost of sales for the 52 weeks to 29 January 2022 was £3.9m (2021: write down of £11.1m)

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. The write down and any reversal are included in cost of sales. For further details on inventory valuation, key assumptions and sensitivities, see Note 2.

18 TRADE AND OTHER RECEIVABLES

	Group 29 January 2022 £'000	Group 30 January 2021 £'000	Company 29 January 2022 £'000	Company 30 January 2021 £'000
Trade receivables	33,403	34,366	–	–
Prepayments and accrued income	23,257	10,300	66	–
Other taxes and social security	–	–	–	–
	56,660	44,666	66	–

Included in prepayments and accrued income are accrued income amounts of £2.0m (2021: £1.1m) in relation to licensing income which has not yet been invoiced.

Amounts owed from joint ventures is £4.5m (2021: £4.3m) of which £3.6m is owed from Ted Baker (Hong Kong) Limited (2021: £3.6m). These amounts are fully recoverable.

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 provides for 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 debtor provision at 29 January 2022 amounted to £0.6m (2021: £0.5m).

At the year end, the Group has one customer with an outstanding debtor balance equal to approximately 13.0% 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 29 January 2022:

	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	33,973	21,779	7,937	530	672	3,055
Loss allowance	(570)	(72)	–	–	(65)	(433)
Net carrying amount	33,403	21,707	7,937	530	607	2,622

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 29 January 2022, and at 30 January 2021, the expected credit loss of the Company's trade and other receivables was negligible and hence no impairment of the receivable was recorded.

19 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	Assets 29 January 2022 £'000	Liabilities 29 January 2022 £'000	Assets 30 January 2021 £'000	Liabilities 30 January 2021 £'000
Derivatives designed as effective as hedging instruments and carried at fair value:					
Forward foreign exchange contracts	27	–	(75)	–	(1,191)
		–	(75)	–	(1,191)

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.

There were no ineffective cash flow hedges in the period (2021: £nil).

Gains and losses in equity relating to derivatives in effective hedging relationships at 29 January 2022 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 (2021: £ nil).

20 PROVISIONS

Group

	Onerous Contract £'000	Dilapidations £'000	Total £'000
Balance at 30 January 2021	1,973	2,942	4,915
Provided in the period	–	–	–
Released in the period	(1,171)	(16)	(1,187)
Utilised in the period	(603)	(64)	(667)
Balance at 29 January 2022	199	2,862	3,061

Onerous contract provision of £0.2m relates to the provision against the liability for materials relating to cancelled orders due to the Covid 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 managements best estimate of costs of restoring stores to the required condition per the lease on exit of the store. The £2.9m provision is expected to be utilised by April 2031.

21 NET CASH/BORROWINGS

	Group 29 January 2022 £'000	Group 30 January 2021 £'000	Company 29 January 2022 £'000	Company 30 January 2021 £'000
Cash and cash equivalents	14,515	66,671	195	5,195
Overdraft	(3,417)	–	–	–
Borrowings	(8,000)	–	–	–
Net cash/borrowings	3,098	66,671	195	5,195

The Group's borrowings have been summarised below:

	Interest rate	Repayable date	Group 29 January 2022 £'000	Group 30 January 2021 £'000
Current:				
Revolving credit facility	3.5% + SONIA	Nov 2023	8,000	–
Total current borrowings			8,000	–

Reconciliation of liabilities to cash flow arising from financing activities:

	Group 29 January 2022 £'000	Group 30 January 2021 £'000
Opening balance	–	180,000
Changes from financing cash flows:		
Repayment of facility	(18,000)	(180,000)
Drawdown of facility and overdraft	29,402	–
Balance at 29 January 2022	11,402	–

22 TRADE AND OTHER PAYABLES

	Group 29 January 2022 £'000	Group 30 January 2021 Restated ¹ £'000	Company 29 January 2022 £'000	Company 30 January 2021 £'000
Trade payables ¹	46,200	60,574	–	–
Accruals and deferred income	7,808	8,726	147	112
Other creditors	11,906	8,665	–	–
Other tax	10,979	8,864	–	–
	76,893	86,829	147	112

¹ More details of the restatement are found in Note 3.

23 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, UK and overseas head offices and distribution centres.

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 asset	29 January 2022 £'000	30 January 2021 £'000
Cost		
Opening	181,544	188,219
Gross adjustment ¹	–	(2,019)
Modifications	(2,569)	(9,179)
Additions	3,631	9,229
Disposals	(12,656)	(4,706)
Closing	169,950	181,544
Amortisation		
Opening	(99,785)	(50,232)
Gross adjustment ¹	–	2,019
Modifications	(450)	–
Charge for the period	(16,621)	(26,763)
Disposals	12,252	4,706
Impairments ²	(1,827)	(29,515)
Closing	(106,431)	(99,785)
Net book value	63,519	81,759

1 Gross adjustment between cost and amortisation brought forward to better reflect underlying gross split.

2 Impairments in the year of £1.8m consisted of the interim impairment of £2.1m, the year-end impairment of £0.5m, and a release of £0.8m relating to modifications impacting the prior year.

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 2.0% 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 29 January 2022 £'000	Group 30 January 2021 £'000
Interest on lease liabilities ¹	4,949	6,781

1 Expenses related to variable rental payments for leasehold properties are included within Note 6.

Lease liabilities included in the statement of financial position

	Group 29 January 2022 £'000	Group 30 January 2021 Restated ¹ £'000
Current	43,129	45,063
Non-current	81,805	106,617
Total lease liabilities	124,934	151,680

1 More details of the restatement are found in Note 3.

23 IFRS 16 continued**Reconciliation of liabilities to cash flow arising from financing activities:**

	Group 29 January 2022 £'000	Group 30 January 2021 Restated¹ £'000
Opening	151,680	168,337
Modifications ¹	1,082	(807)
Changes from financing cash flows:		
Payment of lease liabilities	(34,765)	(24,517)
Remeasurement	–	(361)
Total changes from financing cash flows	(33,683)	(25,685)
Increase in lease liability	3,632	2,509
Disposal of lease liabilities	(1,545)	–
The effect of changes in foreign exchange rates	(99)	(262)
Interest expense	4,949	6,781
Total other changes	6,938	9,028
	124,934	151,680

¹ Modifications includes £0.5m reduction of interest for the year due to modifications made to IFRS 16 leases.

Maturity analysis – contractual undiscounted cash flows

	Group 29 January 2022 £'000	Group 30 January 2021 (Restated¹) £'000
Less than one year	32,657	34,536
One to five years	74,903	96,481
More than five years	17,988	29,067
	125,548	160,084

¹ More details of the restatement are found in Note 3.

24 CAPITAL AND RESERVES

Number of ordinary shares	29 January 2022	30 January 2021
Ordinary shares of 5p each		
Opening allotted, called up and fully paid up	184,608,786	44,566,689
Exercise of share options	1,897	42,097
Ordinary shares issued for cash	–	140,000,000
Closing allotted, called up and fully paid	184,610,683	184,608,786

Share capital	29 January 2022 £'000	30 January 2021 £'000
Share capital at the start of the period	9,230	2,228
Share options	–	2
Share capital issued during the period	–	7,000
Share capital at the end of the period	9,230	9,230

23 IFRS 16 continued

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. This is included within other reserves.

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 movement in other reserves is reflected in retained earnings in the Group Statement of Changes in Equity.

25 SHARE-BASED PAYMENTS

The pre-tax charge in the Income Statement for share schemes in the 52-week period to 29 January 2022 was £1.3m (2021: £1.2m).

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 29 January 2022	Number of awards outstanding at 30 January 2021
1 May 2014	20 April 2024	254,141	695.0p	–	–
30 April 2015	29 April 2025	192,860	1,785.0p	3,008	4,905
5 May 2016	4 May 2026	234,159	875.0p	–	–
6 April 2017	5 April 2027	221,234	1,355.0p	–	–
3 April 2018	2 April 2028	251,786	1,071.0p	–	–
16 April 2019	15 April 2029	403,600	592.0p	–	–
4 September 2020	4 September 2030	4,246,336	84.5p/91.6p	3,612,591	4,166,660
26 October 2020	4 September 2030	518,511	84.5p/90.1p	518,511	518,511
16 December 2020	4 September 2030	696,615	84.5p/97.1p	696,615	696,615
3 August 2021	4 September 2030	2,717,348	85.5p/135p	2,312,254	–
		9,736,590		7,142,979	5,386,691

The terms and conditions of the awards granted during the 52 weeks ended 29 January 2022 are as follows:

Grant date	Type of award	Number of options	Vesting conditions	Vesting period
3 August 2021	LTIP 2020 & TBIP 2020	2,609,043	50% performance against share price of comparator group to September 2023, 50% free cash flow against targets for year ended January 2023.	Up to 100% after three years
3 August 2021	TBIP 2020	108,305	No performance-based vesting conditions, options lapse if recipient under notice or no longer employed as at vesting date	100% after three years

25 Share-based Payments continued

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 2020, 26 October 2020, 16 December 2020	LTIP 2020 & TBIP 2020	3,733,394	50% performance against share price of comparator group to September 2023, 50% free cash flow against targets for year ended January 2023.	Up to 100% after three years
4 September 2020, 26 October 2020, 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 (2021: £nil).

The Monte-Carlo valuation methodology has been used as the basis of measuring the portion of the awards that were subject to market based performance conditions made under the LTIP 2013 and LTIP 2020. The fair value of the remaining portion of the awards not subject to market based performance condition is equal to the share price on the grant date. The range of inputs into the Monte-Carlo model for awards made was as follows:

Share price at grant	£0.85 – £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	0%-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.

The Group also operates a save-as-you-earn scheme which vests over 3 years or 5 years. All employees are entitled to join the scheme whereby they have the option to buy shares at a 20% discount rate of the price set at the grant date. The fair value of the option is calculated using a Black-Scholes pricing model. The number of shares under option at 29 January 2022 was 1,785,798 (2021:1,609,851).

26 FINANCIAL COMMITMENTS

Group

a) Capital commitments

The Group has capital commitments of £4.9m related to commitments at 29 January 2022 (2021: £6.8m) which were not provided in the financial statements.

b) Concessions

The total committed payments to concessions are £1.5m as at 29 January 2022 (2021: £2.8m), relating to payments due within one year. These amounts only include committed minimum payments and excludes 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 commissions based on revenue. Under the terms of the contracts there are two bases:

- Minimum payment 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 commission charges are contingent wholly on future 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 £1.3m (2021: £1.4m). Contributions totalling £nil are included in accruals and deferred income at the period end (2021: £0.2m).

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 £123.8m at 29 January 2022 (2021: £119.7m).

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Carrying amount and fair values of financial assets and liabilities

Financial assets and liabilities – Group

The carrying amounts shown in the balance sheet, which approximate the fair values, are as follows:

	Carrying amount 29 January 2022 £'000	Carrying amount 30 January 2021 £'000
Financial assets		
Held at amortised cost:		
Trade and other receivables	33,403	29,437
Accrued income	2,015	1,154
Amount due from equity accounted investee	4,505	4,305
Cash and cash equivalents	14,515	66,176
Held at fair value:		
Derivative financial assets	–	–
Total financial assets	54,438	101,072
Financial liabilities		
Held at amortised cost:		
Trade and other payables	(65,914)	(60,574)
Lease liabilities	(124,934)	(151,680)
Borrowings	(8,000)	–
Overdraft	(3,417)	–
Held at fair value:		
Derivative financial liabilities	(75)	(1,191)
Total financial liabilities	(202,340)	(213,445)
Net financial asset/(liabilities)	(147,902)	(107,373)

Overdue trade debtor balances are disclosed in Note 18. The carrying and fair values of lease liabilities have been disclosed in Note 23.

The methods and assumptions used to estimate fair values of financial assets and liabilities are as follows:

- 1 Cash and cash equivalents have been stated at their book values due to their short maturities or immediate or short-term access.
- 2 The fair values of trade receivables, amount due from equity accounted investee and amounts owed by Company undertakings have been stated at their book value due to their short maturities.
- 3 The fair value of derivatives is determined by reference to third-party valuations (usually from a bank) or by reference to readily observable market prices.
- 4 The fair values of trade and other payables have been stated at their book values due to their short maturities.
- 5 Bank overdrafts have been stated at their book values due to their short maturities or immediate or short-term access.

27 Financial Instruments and Risk Management continued**Financial assets and liabilities – Company**

The carrying amounts shown in the balance sheet, which approximate the fair values, are as follows:

	Carrying amount 29 January 2022 £'000	Carrying amount 30 January 2021 £'000
Financial assets		
Amounts owed by Group undertakings	123,753	119,672
Cash and cash equivalents	195	5,195
Total financial assets	123,948	124,867
Financial liabilities		
Trade and other payables	(147)	(112)
Total financial liabilities	(147)	(112)
Net financial assets	123,796	124,755

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 19), 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 29 January 2022 £'000	Assets 29 January 2022 £'000	Liabilities 29 January 2022 £'000	Contractual/ notional amounts 30 January 2021 £'000	Assets 30 January 2021 £'000	Liabilities 29 January 2021 £'000
Forward foreign exchange contracts	2,312	–	(75)	21,583	–	(1,191)
Interest rate swap	–	–	–	–	–	–
	2,312	–	(75)	21,583	–	(1,191)

The following table indicates the timing of the notional amount of the foreign exchange derivative hedging instruments.

	Contractual/ notional amounts 29 January 2022 £'000	Contractual/ notional amounts 30 January 2021 £'000
Within six months	2,312	10,021
Between six months and one year	–	9,250
Between one and two years	–	2,312
	2,312	21,583

27 Financial Instruments and Risk Management continued

c) Cash flow hedging reserve movements

The following table indicates the cash flow hedging reserve balance at 29 January 2022 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 29 January 2022 £'000	Currency derivatives 30 January £'000 2021
Within six months	(25)	490
Between six months and one year	(66)	470
Between one and two years	(5)	112
Unrecognised gain/(loss)	(96)	1,072

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 contract to crystallise a cash gain. Since then, the Group has entered into a lesser level of exchange rate hedging as volatility in trade meant hedge effectiveness criteria were unable to be met.

When trades are entered into, 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.

27 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 29 January 2022. 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% (2021: 10%) strengthening or weakening of the Sterling against the following currencies at 29 January 2022 would have increased/(decreased) equity and profit before tax by the amounts shown in the following table:

	Impact on profit 29 January 2022 £'000	Impact on equity 29 January 2022 £'000	Impact on profit 30 January 2021 £'000	Impact on equity 30 January 2021 £'000
Test of 10% (2021: 10%) strengthening in Sterling against other currencies				
US Dollar	(473)	(473)	(201)	(201)
Euro	486	486	744	744
	13	13	543	543
Test of 10% (2021: 10%) weakening in Sterling against other currencies				
US Dollar	579	579	246	246
Euro	(594)	(594)	(910)	(910)
	(16)	(16)	(664)	(664)

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 where possible, 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 does not hold any interest rate derivatives at 29 January 2022 (2021: nil).

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 29 January 2022 £'000	Group 30 January 2021 £'000	Company 29 January 2022 £'000	Company 30 January 2021 £'000
Sterling	(5,575)	13,736	195	5,195
US Dollar	(86)	8,901	–	–
Euro	8,830	8,823	–	–
Other	(707)	4,296	–	–
	2,462	35,756	195	5,195

Interest rate sensitivity analysis

The following sensitivity analysis illustrates the impact that a change of 50 basis points in SONIA 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 29 January 2022 £'000	Impact on equity 29 January 2022 £'000	Impact on profit 30 January 2021 £'000	Impact on equity 30 January 2021 £'000
Interest rate increase of 0.5%	12	12	179	179
Interest rate decrease of 0.5%	(12)	(12)	(179)	(179)

27 Financial Instruments and Risk Management continued

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.

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 headroom (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 29 January 2022				
Non-derivative financial liabilities				
Trade and other payables	65,914	65,914	–	–
Borrowings and overdraft	11,417	5,197	8,000	–
Lease liabilities	124,934	32,657	74,903	17,988
Derivative financial liabilities				
Derivative financial instruments	75	75	–	–
At 30 January 2021				
Non-derivative financial liabilities				
Trade and other payables	77,965	77,965	–	–
Borrowings	–	–	–	–
Lease liabilities	151,680	34,536	96,481	29,067
Derivative financial liabilities				
Derivative financial instruments	1,191	1,191	–	–

The Group manages its liquidity risk through the use of secured revolving credit facilities. At 29 January 2022, the Group holds a £80 million Revolving Credit Facility maturing in November 2023. This facility reduced from £90 million in January 2022, and replaced the existing two facilities totalling £107.8m in May 2021. At year end, the facility had been drawn down £8.0m. 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 SONIA plus a margin. On 22 April 2022, the Group agreed with its lenders to adjust the covenant tests over the remaining life of the Revolving Credit Facility maturing in November 2023 to provide more headroom for the Group given the prolonged disruption of Covid-19 and the impact of the Omicron variant on the Group's trading in the final weeks of the last financial year. The RCF facility size remained unchanged at £80 million.

27 Financial Instruments and Risk Management continued

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 January 2023)
- a ratio of total net debt to EBITDA (applies after August 2022)
- a fixed charge cover ratio (applies after January 2023)

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 £120.4m at 29 January 2022 (2021: £152.0m), 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.

There were no changes in the Group and Company's approach to capital management during the period.

28 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:

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Salaries, fees and short-term benefits	3,849	3,297
Contributions to money purchase pension schemes	127	57
Share-based payment (credit)/charges	–	–
	3,976	3,354

Directors of the Company as at 29 January 2022 and their immediate relatives control 0.2% of the voting shares of the Company.

Amounts due from/to the Company's subsidiaries are shown below:

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Amounts due from No Ordinary Designer Label Limited	123,753	119,672
Amounts due to No Ordinary Shoes Limited	–	–

Sales to and amounts due from/to the Group's joint ventures are shown below:

	52 weeks ended 29 January 2022 £'000	53 weeks ended 30 January 2021 £'000
Amounts due from No Ordinary Retail Company Pty	576	372
Sales to No Ordinary Retail Company Pty	1,918	1,261
Amounts due from Shanghai LongShang Trading Company Ltd	3,929	3,933
Sales to Shanghai LongShang Trading Company Ltd	3,636	2,876

29 POST BALANCE SHEET EVENTS

On 18 March 2022 the Company entered into a 10-year lease for its new corporate head office, the Gorgeous Brown Building.

On 22 April 2022, the Group agreed with its lenders to adjust the covenant tests over the remaining life of the Revolving Credit Facility maturing in November 2023 to provide more headroom for the Group given the prolonged disruption of Covid-19 and the impact of the Omicron variant on the Group's trading in the final weeks of the last financial year. The RCF facility size remained unchanged at £80 million.

FIVE YEAR SUMMARY (UNAUDITED)

	52 weeks ended 27 January 2018 £'000	52 weeks ended 26 January 2019 £'000	52 weeks ended 25 January 2020 £'000	53 weeks ended 30 January 2021 (Restated) ¹ £'000	52 weeks ended 29 January 2022 £'000
Results					
Revenue ²	613,113	639,554	630,478	355,271	428,420
Operating profit/(loss)	70,727	34,301	(59,954)	(98,895)	(34,565)
Profit/(loss) before tax	68,789	30,656	(77,625)	(107,729)	(44,050)
Profit/(loss) before tax and non-underlying items	73,465	62,965	4,778	(59,161)	(38,411)
Profit/(loss) for the period	52,744	24,478	(68,186)	(86,445)	(35,584)
Assets employed					
Property, plant and equipment	139,075	131,865	127,429	39,401	30,200
Other non-current assets	40,733	54,708	203,612	148,384	129,632
Net current assets/(liabilities)	92,515	89,813	(54,824)	73,810	45,303
Non-current liabilities	(48,273)	(47,918)	(135,544)	(109,559)	(84,747)
Net assets	224,050	228,468	140,673	152,036	120,388
Financed by					
Shareholders' funds	224,050	228,468	140,673	152,036	120,388
	224,050	228,468	140,673	152,036	120,388
Key statistics					
Basic earnings per share	119.0p	55.0p	(153.0p)	(56.2p)	(19.3p)
Underlying earnings per share	127.7p	114.2p	6.7p	(26.0p)	(17.9p)
Diluted earnings per share	118.3p	55.0p	(153.0p)	(56.2p)	(19.3p)
Dividends per share	60.1p	58.6p	7.8p	–	–
Dividend cover ³	2.0 times	.9 times	-20.3 times	–	–
Dividend cover before non-underlying costs ³	2.1 times	1.9 times	1.2 times	–	–
Pre-tax return on capital employed before non-underlying items	26.8%	19.1%	7.3%	–	–
Post-tax return on capital employed before non-underlying items	20.6%	15.3%	6.5%	–	–

1 The prior period errors or misstatements relating to delivery income are detailed further in Note 3.

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.

APPENDIX – ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)

As stated in Note 1, 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

	52 weeks ended 29 January 2022 Reported £'000	52 weeks ended 29 January 2022 Foreign Exchange Impact £'000	52 weeks ended 29 January 2022 Constant Currency £'000	53 weeks ended 30 January 2021 Restated ¹ £'000	Constant Currency Variance
Total revenue	297,228	1,504	298,881	248,772	20.14%
Total retail revenue	204,657	1,504	206,161	183,891	12.11%
Store revenue	99,650	1,125	100,775	67,277	49.79%
eCommerce revenue	105,007	379	105,387	116,613	-9.63%
Sales per square foot including eCommerce sales	919	7	925	658	40.62%
Sales per square foot excluding eCommerce sales	447	5	452	244	85.36%
Wholesale revenue	77,565	–	77,565	52,432	47.93%
Licence income	15,155	–	15,155	12,449	21.74%

North America

	52 weeks ended 29 January 2022 Reported £'000	52 weeks ended 29 January 2022 Foreign Exchange Impact £'000	52 weeks ended 29 January 2022 Constant Currency £'000	53 weeks ended 30 January 2021 Restated ¹ £'000	Constant Currency Variance
Total revenue	126,792	7,844	134,636	104,105	29.33%
Total retail revenue	93,189	5,638	98,827	71,260	38.69%
Store revenue	64,410	3,703	68,113	39,671	71.70%
eCommerce revenue	28,779	1,935	30,714	31,589	-2.77%
Sales per square foot including eCommerce sales	708	43	751	542	38.69%
Sales per square foot excluding eCommerce sales	490	28	518	302	71.70%
Wholesale revenue	33,604	2,205	35,809	32,846	9.02%

¹ More details of the restatement are found in Note 3.

Appendix – Alternative performance measures (unaudited) continued

Rest of the World

	52 weeks ended 29 January 2022 Reported £'000	52 weeks ended 29 January 2022 Foreign Exchange Impact £'000	52 weeks ended 29 January 2022 Constant Currency £'000	53 weeks ended 30 January 2021 Reported £'000	Constant Currency Variance
Total retail revenue	4,070	(116)	3,954	2,394	65.18%
Store revenue	4,070	(116)	3,954	2,394	65.18%
eCommerce revenue	–	–	–	–	0.00%
Sales per square foot including eCommerce sales	462	(13)	448	337	33.08%
Sales per square foot excluding eCommerce sales	462	(13)	448	337	33.08%

Group

	52 weeks ended 29 January 2022 Reported £'000	52 weeks ended 29 January 2022 Foreign Exchange Impact £'000	52 weeks ended 29 January 2022 Constant Currency £'000	53 weeks ended 30 January 2021 Restated ¹ £'000	Constant Currency Variance
Total revenue	428,240	9,232	437,472	355,271	23.14%
Total retail revenue	301,916	7,026	308,942	257,544	19.96%
Store revenue	168,130	4,711	172,842	109,342	58.07%
eCommerce revenue	133,786	2,315	136,101	148,202	-8.17%
Sales per square foot including eCommerce sales	831	36	2,125	658	222.93%
Sales per square foot excluding eCommerce sales	463	20	1,418	244	481.34%
Wholesale revenue ¹	111,169	2,205	113,374	85,278	35.95%
Licence income	15,155	–	15,155	12,449	21.74%

¹ More details of the restatement are found in Note 3.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

This is our first disclosure addressing the Task Force on Climate-related Financial Disclosures (TCFD) guidance published in 2017.

We are in the process of developing our TCFD strategy over FY23 and set out below our compliance, on a comply or explain basis, with Listing Rule 9.8.6(R)8. Our disclosures are not yet aligned with the 2017 TCFD recommendations and recommended disclosures across the four TCFD pillars. We aim to work towards enhancing our disclosures over the course of the next 12 months. We also note:

- **Strategy** – we are currently in the process of formally assessing our climate-related risks and opportunities over the short, medium and long term, as well as determining their impact on our businesses, strategy and financial planning. We have not yet undertaken scenario analysis to determine our resilience of our strategies to climate-related risks.

We are currently working on formally assessing how climate-related risks and opportunities will impact our business, across each time horizon. This work will be completed in the next financial year. However, our initial assessment is that both the physical and transitional risks (set out below) are medium to long-term risks to our business, and accordingly would not have a material impact on asset or liability valuations at the year-end date.

- **Metrics and targets** – we are working to develop appropriate data metrics against which we can monitor climate-related risks, which will be updated annually. These metrics will complement our current GHG emissions and targets.

GOVERNANCE

Describe the board's oversight of climate related risks and opportunities

Ted's ESG strategy, which includes climate-related risks and opportunities, is reported and presented to the board on a bi-annual basis. Additionally, ESG risk is represented in the quarterly Management Risk Committee meetings.

Describe management's role in assessing and managing risk and opportunities

Our Ethics and Sustainability team manage the ESG programme for Ted Baker plc.

In addition, we have a Carbon Steering Group who meet quarterly to implement the wider carbon strategy, in addition to reviewing areas of responsibility across the business.

STRATEGY

Describe the climate related risks and opportunities the organisation has identified over the short medium and long term

As noted previously, we are currently in the process of formally assessing our climate-related risks and opportunities. Our initial assessment is set out below:

- **Physical climate related risks:**
None of our facilities have to date been impacted by extreme weather events to such an extent as to cause any significant disruption to our operations. Our view is that the impact of climate change, caused by higher temperatures and water shortages, will lead to medium and longer term risks within our supply chain on the price and availability of raw materials, such as cotton, on which we are very dependent.
- **Transitional climate-related risks and opportunities:**
Changes in customer preferences, such as demands for more sustainable clothing, is both a risk and opportunity for Ted Baker. In the medium-to longer-term it is a risk if our sustainability performance is not seen to live up to our customers' aspirations, and an opportunity, if our sustainability performance is seen to lead our peers. Our sustainability strategy is discussed on [pages 52-59](#).

RISK MANAGEMENT

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Risks, including climate-related risks, are monitored and managed by the Ethics and Sustainability team at Ted Baker plc.

Our Ethics and Sustainability lead represents the climate-related risks in the quarterly Management Risk Committee.

METRICS

Disclose the metrics and targets used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

As noted previously, we are developing metrics against which we can monitor our climate-related risks, to complement our current carbon metrics. We currently measure Scope 1 and 2 carbon emissions and have undertaken a project to understand our baseline Scope 3 emissions ([see page 53](#)).

In the carbon area, we have set the following targets:

- Absolute emission reduction of 100% by 2030 for Scope 1 and 2 against a 2019 baseline
- Reduce absolute Scope 3 emissions in line with 1.5 degrees Celsius of 46.2% by 2030 against a 2019 baseline.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

See [page 54](#) for our GHG emissions. As demonstrated, our largest risk is embedded within our Scope 3, particularly within textiles, which makes up 41% of all emissions. We are actively mapping through our garment supply chain, and have developed a strategy, working with our suppliers, to reduce the risk in this area of our supply chain.

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Ted Baker's commitment to environmental issues is reflected in the Annual Report which has been printed on FSC®-certified and other controlled material.

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