



3 October 2019

**Ted Baker Plc**  
 (“Ted Baker”, the “Group”)

**Interim Results Announcement for the 28 weeks ended 10 August 2019**

|   | <b>28 weeks<br/>ended<br/>10 August<br/>2019</b> | <b>28 weeks<br/>ended<br/>11 August<br/>2018</b> | <b>Change</b> |
|---|--|--|---------------|
| <b>Group Revenue</b>  | £303.8m  | £306.0m  | (0.7%)        |
| <b>(Loss)/Profit Before Tax and<br/>Exceptional Items and IFRS 16</b> | (£2.7m)  | £25.0m   | (110.6%)      |
| <b>(Loss)/Profit Before Tax</b>                                       | (£23.0m)   | £24.5m   | (193.9%)      |
| <b>Basic EPS</b>  | (46.1p)  | 42.8p  | (207.7%)      |
| <b>Adjusted EPS</b>   | (4.5p)   | 43.8p  | (110.3%)      |
| <b>Interim Dividend</b>   | 7.8p   | 17.9p  | (56.4%)       |

- Group revenue down 0.7% (2.5% in constant currency) to £303.8m
- Retail sales including e-commerce down 2.5% (down 4.1% in constant currency) to £214.5m
  - UK and Europe retail sales down 3.9% (down 3.9% in constant currency) to £141.3m
  - North America retail sales up 3.1% (down 2.3% in constant currency) to £63.7m
  - Rest of the World retail sales down 15.2% (down 17.2% in constant currency) to £9.5m
- E-commerce sales down 1.3% (down 2.4% in constant currency) to £52.3m
- Selective expansion continued with one new store in Detroit, first German store opened in Hamburg and outlet opened in Metzingen, Germany
- Wholesale sales up 4.0% (up 1.8% in constant currency) to £89.3m driven by footwear acquisition
- Licence income down 13.1% to £9.4m
  - Excluding impact from acquisition of footwear business, licence income increased by 2.8%
- Continued focus and improvement in working capital (net working capital down 9% or £16.8m)



- Two strategic deals signed to accelerate growth in Asia:
  - Creation of joint venture in China, Hong Kong and Macau
  - Appointed new licence partner in Japan post period end
- Completed integration of footwear business
- Continued licence development:
  - New childrenswear product licence agreement with Next post period end
  - Delta Galil men's underwear and loungewear commenced trading
  - Timex global watch licence commenced trading
- Announcement post period end that Rachel Osborne will join as Chief Financial Officer

**Commenting, Lindsay Page, Chief Executive, said:**

*"We are continuing to pro-actively manage the significant challenges impacting our sector including weak consumer spending, macro-economic uncertainty, and the accelerating channel shift towards e-commerce. However, we are not immune to these pressures which have impacted our financial performance during the first half of the year.*

*Despite this, we have delivered a number of important strategic developments including reorganising our Asia operations to drive long term growth, integrating the acquired footwear business and signing an important new product licence partnership for childrenswear. Our Autumn/Winter collections have been well received and we are excited about our new product initiatives including monthly product drops and speed to market developments.*

*We remain actively focussed on cost control and driving further efficiencies. Despite the structural challenges and cyclical pressures on the industry, we remain confident in Ted Baker's ability to navigate the market and further develop as a global lifestyle brand. This confidence remains underpinned by the Group's flexible, omni-channel model, the continuing strength of the brand, and the skill, passion and commitment of our talented teams worldwide."*

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**Media images available for download at:**

<http://www.tedbakerplc.com/ted/en/mediacentre/imagelibrary>

## **Notes to Editors**

### **Ted Baker Plc - "No Ordinary Designer Label"**

Ted Baker is a global lifestyle brand distributing across five continents through its three main distribution channels: retail (including e-commerce); wholesale; and licensing.

Ted Baker has 560 stores and concessions worldwide, comprised of 199 in the UK, 124 in Europe, 136 in North America, 96 in the Middle East, Africa and Asia, and 9 in Australasia.

We offer a wide range of collections including Menswear; Womenswear; Global; Phormal; Endurance; Colour By Numbers; Accessories; Bedding; Childrenswear; Eyewear; Footwear; Fragrance and Skinwear; Gifting and Stationery; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Technical Accessories; Tiles; and Watches.



## Chairman's Statement

It has been a challenging half. Trading conditions have been characterised by unprecedented and sustained levels of promotional activity across the sector with, in several cases, distressed discounting from brands and retailers and heightened competition. The Group's performance has been impacted by very difficult trading conditions throughout the period, amplified by heightened levels of consumer uncertainty across many of Ted Baker's global markets. This has been exacerbated by the well-publicised challenges that continue to face some of the Group's UK trading partners against the backdrop of the continuing shift towards an increasingly digital retail landscape. As previously indicated, we also experienced some challenges with our Spring/Summer collections which we believe have been appropriately addressed as we move into Autumn/Winter.

In light of this, Group revenue decreased by 0.7% (2.5% decrease in constant currency)<sup>1</sup> to £303.8m (2018: £306.0m) and profit before tax, exceptional items and IFRS 16<sup>2</sup> decreased to a loss of £2.7m (2018: profit of £25.0m) for the period. Reported Profit before tax decreased to a loss of £23.0m (2018: profit of £24.5m). Exceptional costs of £17.4m (2018: £0.6m) have largely been incurred as a result of actions taken to strengthen the brand and include £11.8m in respect of the restructure of the legacy Asia businesses and £3.5m in relation to the footwear acquisition in January 2019.

The financial results we delivered in the first half were behind our expectations. Trading in the second half has started slowly, not helped by the unseasonably warm weather in September, and this will have an impact on the full year outcome. If these trends continue, we will achieve a second half result below that of last year. We also have a number of significant trading periods across the balance of the year with forward visibility significantly reduced in these evolving sector dynamics.

Despite these structural challenges and cyclical pressures, we remain confident in Ted Baker's long-term ability to navigate the market and further develop as a global lifestyle brand. This confidence is underpinned by the Group's truly omni-channel distribution model, the high regard in which the brand is held, and the passion and commitment of our talented teams across the world.



## STRATEGIC FOCUS AND PROGRESS

Notwithstanding the backdrop, the Group has taken a pro-active approach to managing the business. During the first half of the year, the Board has continued to deliver progress against its strategy and strengthen the Group's platform for future development. The Group's focus remains on the following key strategic priorities:

- Customer and brand-centricity;
- Continuous development of omni-channel routes to market;
- Selective space growth to expand the reach of the brand;
- Development of market leading partnerships;
- Focus on efficiencies, cost-control and leveraging investments;
- Developing and supporting a first-class team and actions to improve focus on our people and culture.

The Board is pleased by the significant progress the Group has made against these priorities during the year to date.

### *Customer and brand-centricity*

The Board remains fully confident that the Ted Baker brand remains strong, highly relevant and in good health. This is supported by the metrics we use to measure the brand strength. Our social presence on Instagram grew 20% on last year, hitting one million followers, which demonstrates the expansion of the brand's appeal.

A number of new product initiatives which went live during the first six months of the year have already demonstrated success with our customers. These initiatives include monthly product drops in-store, online and to our wholesale trustees and the launch of a shorter lead time design process which allows us to quickly identify commercial opportunities among high demand products and styles.

We have also expanded our sustainability commitments, through our strategy 'Fashioning a Better Future'. We have set ourselves ambitious goals and strive to be an industry leader on sustainability. Our business impacts the lives of thousands of people and their environment around the world, meaning we must be proactive in our approach to advancing positive working conditions, protecting human rights and responsibly managing the resources we use. We are committed to operating in a fair and sustainable manner. One of Ted's most ambitious new targets is to make the switch to 100% more sustainable materials in all our collections by 2030. We are also publishing our first-tier factory list and piloting a circular business model in SS20.



### *Continuous development of omni-channel routes to market*

The significant investments made by the Group over recent years in deploying new global systems is improving efficiency and streamlining operations as well as providing an enhanced omni-channel platform for the brand. During the period, we have successfully delivered a significant number of major technology projects as part of our digital and omni-channel strategy.

Ship-from-store has proven highly successful in the UK and unites our physical store inventory with our e-commerce inventory to ensure that wherever an item is, our customers can seamlessly purchase it through our global website. We have also very recently implemented a new CRM system that will now give us a complete single view of our customers across channels enabling us to deeply personalise content and experiences for each customer.

### *Selective space growth to expand the reach of the brand*

The Board remains confident in the long-term value of our focused portfolio of stores which showcase the brand to customers and play an important role in our omni-channel model. We continue to evaluate opportunities for new stores based on their financial return. During the period, we opened exciting new stores in prime locations in Hamburg and Metzingen in Germany and in Detroit, North America, as we continue to expand the brand's global reach and customer base.

### *Development of market leading partnerships*

#### Asia

There are significant global expansion opportunities for the brand. During 2019 the Group has completed two strategic deals to accelerate Ted Baker's expansion in the Asian market, completing the reorganisation of our operations in the region. Firstly, in April, we announced the creation of a joint venture agreement with Shanghai LongShang Trading Company Ltd to further develop the brand in China including Hong Kong S.A.R. and Macau S.A.R. This joint venture will drive the long-term growth of Ted Baker in these markets, combining extensive local knowledge with the proven global buying, merchandising, training and brand-building expertise of Ted Baker.

Secondly, in August, following the end of the period, we announced the appointment of a new licence partner in Japan, Sojitz Infinity ("Infinity"). Infinity represents a strong partner to drive the long-term expansion of the Ted Baker brand in Japan, bringing significant local expertise, in particular within the department store sector. Infinity is Ted Baker's 17th Retail Licence Partner across the globe, thereby further extending this successful and proven operating model.



### Product licences

During the period, two new product licensees commenced trading: a new men's underwear and loungewear global licence with Delta Galil and a global watch licence with Timex Group. Both partners reflect our commitment to working with the best product specialists who support our status as a global lifestyle brand.

In August, the Group was pleased to announce a new product licence agreement with Next Plc ("Next") to accelerate the expansion of the Group's childrenswear collections. Under the agreement, which will run initially for a five-year period, Next will create and sell Ted Baker childrenswear products spanning baby, boys' and girls' clothing, shoes and accessories in collaboration with the creative team at Ted Baker. The new collections will launch in Spring 2020 and will be sold through Next's retail channels and wholesale relationships as well as through Ted Baker's websites. As a multi-channel retailer with global capabilities and wholesale experience, Next is the outstanding partner to take Ted Baker forward in this category, which we believe brings significant opportunity for growth in the coming years.

### *Focus on efficiencies, cost-control and leveraging investments*

Our programme of efficiency and cost saving initiatives has continued in the period. We have strengthened our procurement capabilities, ensuring best practice procurement for the future, and launched multiple operational efficiency workstreams. These initiatives are expected to generate savings in the current year with the annualised benefit seen in the next financial year.

We have also continued our focus on working capital, generating a decrease of £16.8m or 9.0% in our net working capital. In particular, we have seen the benefits of reducing our investment in inventories through tighter, more flexible buying and a proactive approach to current season sell through in response to market conditions, and improved supplier terms.

Following the acquisition of Ted Baker's footwear licensee in January 2019, the footwear business has now been fully integrated into the Group, with the first collection fully designed and fully sourced by Ted Baker launching in SS20. This acquisition provides an exciting opportunity to drive further growth in our footwear business by leveraging our global presence and infrastructure.



### *Developing and supporting a first-class team*

Our talented and dedicated teams remain critical to the Group's development and future strategic plans. Against a challenging backdrop and evolving retail environment, our global teams have remained as focused as ever on delivering results and driving the long-term success of Ted Baker as a global lifestyle brand.

We have recently announced the appointment of Rachel Osborne as Chief Financial Officer. Rachel has more than 20 years' brand and retail sector experience and will join the Company and Board at a date to be agreed within the next few months. Rachel's career to date makes her a great fit for the Board and we are delighted to welcome her to Ted Baker.

The Board has fully considered the results of the independent investigation and as a result a number of actions have been taken. To enhance the oversight of both people and culture matters at the Board level, Sharon Baylay has taken the role of designated non-executive director for engagement with the Ted Baker workforce. In addition, Helena Feltham was appointed to the Board as Non-Executive Director with significant HR experience. Together with the Board, Helena has overseen the actions that have been taken to address the recommendations from the independent investigation relating to Global HR policy, procedure, organisation, governance, workforce behaviours and employee engagement, including the launch of revised policies, the introduction of a user friendly desktop link to all policies, and further training of the HR team and line managers to better ensure compliance and consistent application.



## Financial Results

Against the backdrop of very difficult trading conditions, Group revenue decreased by 0.7% (2.5% decrease in constant currency<sup>1</sup>) to £303.8m (2018: £306.0m) for the 28 weeks ended 10 August 2019. The gross margin before exceptional items<sup>2</sup> decreased to 54.3% (2018: 58.3%) driven by an increase in promotional activity to react to market conditions and a more proactive stance over working capital management. This was partially offset by a marginal benefit relating to duty drawback claims in North America arising from the recent investment in systems.

Distribution costs, which comprise the cost of retail operations and distribution centres, increased by 14.0% to £138.6m (2018: £121.6m). Distribution costs before exceptional items and IFRS 16<sup>2</sup> increased by 6.3% (2.8% in constant currency<sup>1</sup>) to £128.7m (2019 constant currency<sup>1</sup>: £124.5m, 2018: £121.1m). This increase is largely a result of the annualisation of the costs of operating our new North American warehouse which opened in the first half last year as well as the costs of operating the footwear business acquired in January 2019.

Administrative expenses increased by 22.4% to £50.9m (2018: £41.6m). Administrative expenses before exceptional items<sup>2</sup> increased by 14.9% (13.5% in constant currency<sup>1</sup>) to £47.8m (2019 constant currency<sup>1</sup>: £47.2m, 2018: £41.6m). This increase is a result of continued investment in our people, including the additional headcount to support the recently acquired footwear business, and infrastructure to support the growth of the business as well as a higher depreciation and amortisation charge from prior year investment in systems.

As previously highlighted, exceptional costs of £17.4m (2018: £0.6m) comprised the accounting adjustments in relation to the prior year acquisition of the footwear business of £3.5m (of which £2.4m is included in cost of sales and £1.1m is included in administrative expenses), further costs incurred in relation to the investigation into the allegations of misconduct of the former Chief Executive Officer and the Group's policies, procedures and handling of HR-related complaints and other legal matters of £2.0m (included in administrative expenses), and the expected loss on restructure of our legacy businesses in Asia of £11.8m (included in distribution costs).

During the period, the Group adopted IFRS 16 'Leases' for the first time. IFRS 16 specifies how to recognise, measure, present and disclose leases and replaces IAS 17 'Leases'. The Group adopted IFRS 16 from 27 January 2019 using a simplified modified retrospective transition approach, under which the comparative information presented for the 52 weeks ended 26 January 2019 and the 28 weeks ended 11 August 2018 has not been restated and therefore continues to be shown under IAS 17. The net impact on Profit before tax for the 28 weeks ended 10 August 2019 was £2.9m. Further information is provided in Note 1.



The net foreign exchange gain during the period of £0.7m (2018: loss of £0.1m) was due to the translation of monetary assets and liabilities denominated in foreign currencies. Net interest payable, excluding the impact of IFRS 16, during the period was £2.0m (2018: £1.9m) due to higher average borrowings following the payment to acquire the footwear business in January 2019.

Profit before tax, exceptional items and IFRS 16<sup>2</sup> decreased to a loss of £2.7m (2018: a profit of £25.0m) and profit before tax decreased to a loss of £23.0m (2018: a profit of £24.5m). Adjusted earnings per share<sup>3</sup>, which excludes exceptional items and IFRS 16, decreased to a loss per share of 4.5p (2018: earning per share of 43.8p) and basic earnings per share decreased to a loss per share of 46.1p (2018: earnings per share of 42.8p).

The forecast effective tax rate of 24.2% in respect of continuing operations (2019 full year effective rate: 19.9%) is higher than the forecast UK corporation tax rate for the period of 19%, largely due to higher overseas tax rates and the non-recognition of losses in overseas territories. The income tax credit on exceptional items at half year is calculated and disclosed separately. This has a significant impact in reducing the total effective tax rate to 10.7% at the half year given the significant number of exceptional items.

In September 2019, the Group successfully completed a refinancing of its existing Revolving Credit Facility of £135.0m and term loan of £45.0m into a new three year secured Revolving Credit facility of £180.0m, bringing an additional lender into its existing syndicate of three banks. The facility contains standard covenant tests that are appropriate to our Group and provides the resources to fund the planned investment in capital expenditure and working capital required to support the Group's long-term growth strategy.

Net borrowings at 10 August 2019 of £141.4m (2018: £132.7m) are higher than last year, however this is due to the acquisition on the footwear business in January 2019. Excluding the consideration paid, net borrowings decreased by £11.2m on the prior year.

The net decrease in cash and cash equivalents of £18.9m (2018: £24.4m) primarily reflects capital expenditure to support our long-term development and the payment of the full year dividend, offset by a significant improvement in working capital. During the period, we made repayments of £2.0m (2018: £3.0m) on the secured term loan used to purchase The Ugly Brown Building.



Total working capital, which comprises inventories, trade and other receivables and trade and other payables, decreased by £16.8m to £171.4m (2018: £188.2m).

This was mainly driven by an increase in trade and other payables of £23.7m to £109.0m (2018: £85.3m). This includes the impact of foreign exchange, the acquisition of the footwear business in January 2019 and the restructure of our legacy businesses in Asia. Excluding the impact of these, there was an increase in trade and other payables of £22.6m, reflecting the benefit of previously announced working capital initiatives, which we continue to focus on.

Inventories increased by £1.4m to £209.6m (2018: £208.2m) and excluding the impact of foreign exchange, the acquisition of the footwear business in January 2019 and the restructure of our legacy businesses in Asia, inventories decreased by £5.1m. This has been achieved through tighter, more flexible buying and a more proactive approach to current season sell through, in line with the heavy promotional market environment.

Trade and other receivables increased by £5.4m to £70.8m (2018: £65.4m), reflecting the acquisition of the footwear business, the impact of movements in foreign exchange rates and the restructure of our legacy businesses in Asia. Excluding the impact of these, there was an increase in trade and other receivables of £2.8m, reflecting the timing of wholesale sales and cash receipts around the half year date.

Group capital expenditure of £16.9m (2018: £18.5m) relates to the opening and refurbishment of stores, concessions and outlets and the ongoing investment in business-wide IT systems and infrastructure to support our continued growth. We expect full year capital expenditure to be in line with previous guidance of £31.0m, subject to the timing of planned openings.

## **Dividends**

The Board has declared an interim dividend of 7.8p (2018: 17.9p), which will be payable on 22 November 2019 to shareholders on the register at the close of business on 11 October 2019.



## Global Group Performance

|                   |   | 28 weeks<br>ended<br>10<br>August<br>2019 | 28 weeks<br>ended<br>11<br>August<br>2018 | Variance    | Constant<br>currency<br>variance <sup>1</sup> |
|-------------------|---|---|---|-------------|---|
| Group             | Revenue   | £303.8m                                   | £306.0m                                   | (0.7%)      | (2.5%)  |
|                   | Gross margin<br>(excluding exceptional<br>items <sup>4</sup> )  | 54.3%                                     | 58.3%                                     | (400bps)    |   |
|                   | Operating contribution<br>(excluding exceptional<br>items and IFRS 16 <sup>4</sup> ) *                      | 0.1%                                      | 8.7%                                      | (860 bps)   |   |
|                   | Operating (loss)/<br>contribution**   | (5.6%)                                    | 8.5%                                      | (1,410 bps) |   |
|                   | (Loss)/Profit before tax<br>(excluding exceptional<br>items and IFRS 16 <sup>2</sup> ) as<br>a % of revenue | (0.9%)                                    | 8.2%                                      | (910 bps)   |   |
|                   | (Loss)/Profit before tax<br>as a % of revenue   | (7.6%)                                    | 8.0%                                      | (1,560bps)  |   |
| Retail            | Revenue   | £214.5m                                   | £220.1m                                   | (2.5%)      | (4.1%)  |
|                   | E-commerce  | £52.3m                                    | £53.0m                                    | (1.3%)      | (2.4%)  |
|                   | Gross margin  | 61.3%                                     | 64.2%                                     | (290 bps)   |   |
|                   | Average square<br>footage***  | 444,134                                   | 422,343                                   | 5.2%        |   |
|                   | Closing square<br>footage***  | 448,440                                   | 433,466                                   | 3.5%        |   |
|                   | Sales per square foot<br>including e-commerce   | £483                                      | £521                                      | (7.3%)      | (8.8%)  |
|                   | Sales per square foot<br>excluding e-commerce   | £365                                      | £396                                      | (7.8%)      | (9.3%)  |
| Wholesale         | Revenue   | £89.3m                                    | £85.9m                                    | 4.0%        | 1.8%  |
|                   | Gross margin  | 37.6%                                     | 43.4%                                     | (580 bps)   |   |
| Licence<br>income | Revenue   | £9.4m                                     | £10.9m                                    | (13.1%)     | (13.1%)                                       |

\*Operating contribution/(loss) (excluding exceptional items and IFRS 16) is defined as operating profit/(loss) before exceptional items and IFRS 16 adjustments as a percentage of revenue.

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

\*\*\*Excludes licence partner stores.



## Retail

Our retail channel comprises stores, concessions and e-commerce, providing an omni-channel experience. We operate stores and concessions across the UK, Europe, North America and the Rest of the World, and localised e-commerce sites in the UK, continental Europe, the US, Canada and Australia. We also have e-commerce businesses with many of our concession partners. Our unique stores showcase the Ted Baker brand and are key to the success of our e-commerce business. Our relatively low number of own stores and higher number of concession locations allow us to maintain a flexible business model.

Retail sales decreased by 2.5% (4.1% in constant currency<sup>1</sup>) to £214.5m (2018: £220.1m). There was a decrease both in stores, which decreased by 2.9% (4.6% in constant currency), and online, where sales decreased 1.3% (2.4% in constant currency<sup>1</sup>) to £52.3m (2018: £53.0m) and represented 24.4% (2018: 24.1%) of total retail sales. The performance reflects the very difficult trading conditions throughout the period, unseasonable weather experienced across North America in the early part of the period and the highly promotional retail environment across our global markets. This has been exacerbated by the well-publicised challenges that continue to face some of the Group's UK trading partners as well as some challenges with our Spring/Summer collections.

Average retail square footage increased by 5.2% to 444,134 sq ft (2018: 422,343 sq ft). Retail sales per square foot (excluding e-commerce) decreased 7.8% (decrease of 9.3% in constant currency<sup>1</sup>) to £365 (2018: £396).

The retail gross margin decreased to 61.3% (2018: 64.2%) due to an increase in promotional activity following the unprecedented and sustained levels of promotional activity across the sector globally with, in several cases, distressed discounting from brands that are fighting for survival. This has been partially offset by an improved margin on footwear sales following the acquisition of the footwear business in January 2019.

Retail operating costs excluding exceptional items increased by 2.8% (0.9% in constant currency<sup>1</sup>) to £119.7m (2018: £116.5m. This includes the impact of IFRS 16. Excluding the impact of IFRS 16, retail operating costs increased by 4.4% (2.6% in constant currency<sup>1</sup>) to £121.7m (2018: £116.5m), and as a percentage of retail sales increased to 56.7% (2018: 52.9%). This was largely driven by the annualisation of the North American warehouse as well as an increase in employment costs.



## **Wholesale**

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

Wholesale sales increased by 4.0% (1.8% in constant currency<sup>1</sup>) to £89.3m (2018: £85.9m). The period benefited from incremental footwear revenue, following the acquisition of No Ordinary Shoes Limited and No Ordinary Shoes USA LLC, which completed on 1 January 2019. On a comparable basis (excluding footwear), wholesale sales decreased by 9.8% (decrease of 11.7% in constant currency<sup>1</sup>). This reflects the timing of our new monthly product drops as well as very challenging trading conditions impacting both our UK and North America trustees as well as our territorial licence partners across the world.

The wholesale gross margin decreased to 37.6% (2018: 43.4%). This was partly as a result of the introduction of footwear, which carries a lower margin. Excluding the impact of footwear, the wholesale margin decreased to 40.5% (2018: 43.4%) reflecting a more proactive approach to inventory sell through as part of our working capital initiatives.

## **Licence Income**

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

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

Product licences cover Bedding; Childrenswear; Eyewear; Footwear; Fragrance and Skinwear; Gifting and Stationery; Jewellery; Lingerie and Sleepwear; Luggage; Neckwear; Rugs; Suiting; Technical Accessories; and Watches.

Licence income decreased 13.1% to £9.4m (2018: £10.9m). Licence income in the period was adversely impacted by the acquisition of No Ordinary Shoes Limited and No Ordinary Shoes USA LLC on 1 January 2019 as the previously earned licence income ceased from this date. Excluding this impact, underlying licence income increased by 2.8%.

We saw a stronger performance from our product licences during the period despite a number being impacted by the external trading conditions in the UK. There were notable performances from our product licensees in Suiting, Eyewear and Bedding.



During the period, two new product licensees commenced trading: a new men's underwear and loungewear global licence with Delta Galil and a global watch licence with Timex Group. Both partners reflect our commitment to working with the best product specialists that are able to support our status as a global lifestyle brand.

The Group has signed a new product licence agreement with Next Plc ("Next") to accelerate the expansion of Ted Baker's childrenswear collections. Under the agreement, which will run for an initial five-year period, Next will create and sell Ted Baker childrenswear products spanning baby, boys' and girls' clothing, shoes and accessories in collaboration with the creative team at Ted Baker. The new collections will launch in Spring 2020 and will be sold through Next's retail channels and wholesale relationships as well as through Ted Baker's websites. The Group's current childrenswear product relationship with Debenhams will end on 29 February 2020.

## **Collections**

Ted Baker Menswear sales were up 0.5% to £115.3m (2018: £114.7m) and represented 38.0% of total sales (2018: 37.5%). Sales benefited footwear sales in the period following the acquisition of the footwear business in January 2019. Excluding this, menswear sales decreased by 3.8%.

Ted Baker Womenswear sales were down 1.5% to £188.5m (2018: £191.3m) and represented 62.0% (2018: 62.5%) of total sales. Excluding footwear womenswear sales decreased by 5.9%, in part due to the previously reported challenges in the Spring/Summer collection which we believe have since been addressed for the current and future seasons.



## Geographic Performance

### United Kingdom and Europe

|   | 28 weeks<br>ended<br>10 August<br>2019 | 28 weeks<br>ended<br>11 August<br>2018 | Variance | Constant<br>currency<br>variance <sup>1</sup> |
|---|--|--|----------|---|
| Total retail revenue                                | £141.3m                                | £147.1m                                | (3.9%)   | (3.9%)  |
| E-commerce revenue                                  | £41.2m                                 | £42.6m                                 | (3.3%)   | (3.1%)  |
| Average square footage*                             | 280,324                                | 264,393                                | 6.0%     |   |
| Closing square footage*                             | 284,312                                | 274,170                                | 3.7%     |   |
| Sales per square foot<br>including e-commerce sales | £504                                   | £556                                   | (9.4%)   | (9.4%)  |
| Sales per square foot<br>excluding e-commerce sales | £357                                   | £395                                   | (9.6%)   | (9.7%)  |
| Wholesale revenue                                   | £55.7m                                 | £54.9m                                 | 1.5%     | 1.5%  |
| Own stores  | 41                                     | 40                                     | 1        |   |
| Concessions   | 250                                    | 252                                    | (2)      |   |
| Outlets   | 22                                     | 19                                     | 3        |   |
| Partner stores/concessions                          | 10                                     | 6                                      | 4        |   |
| Total   | 323                                    | 317                                    | 6        |   |

\*Excludes licence partner stores.

Retail sales in the period in the UK and Europe decreased by 3.9% (3.9% in constant currency<sup>1</sup>) to £141.3m (2018: £147.1m) due to the very difficult trading conditions throughout the period amplified by heightened levels of consumer uncertainty. This has been exacerbated by the well-publicised challenges that continue to face some of the Group's UK trading partners.

E-commerce sales decreased by 3.3% (3.1% in constant currency<sup>1</sup>) to £41.2m (2018: £42.6m) with sales impacted by the very difficult trading conditions and the performance of the Group's UK trading partners. As a percentage of UK and Europe retail sales, e-commerce sales represented 29.2% (2018: 29.0%).

Sales per square foot excluding e-commerce sales decreased 9.7% in constant currency<sup>1</sup>; however, our stores remain key to the success of the e-commerce business through initiatives such as ship-from-store in the UK, order in store and click and collect, as well as showcasing the brand.



During the period, we opened one store in Hamburg and one outlet in Metzingen, Germany. We opened a further concession in Germany and closed four concessions across the UK, Ireland and Germany. We also refurbished and expanded locations across the UK and Europe. We are pleased with the performance of our new and refurbished stores and concessions and remain positive about longer-term growth opportunities for our brand.

Sales from our UK wholesale business increased by 1.5% to £55.7m (2018: £54.9m), reflecting footwear sales following the acquisition of the footwear business in January 2019. Excluding this, sales from our UK wholesale business decreased by 12.7%. This is partly due to the timing of deliveries with the move to monthly product drops, as well as our trustees and licence partners also having been impacted by the very difficult trading conditions.

## North America

|   | 28 weeks<br>ended<br>10 August<br>2019 | 28 weeks<br>ended<br>11 August<br>2018 | Variance | Constant<br>currency<br>variance <sup>1</sup> |
|---|--|--|----------|---|
| Total retail revenue                                | £63.7m                                 | £61.8m                                 | 3.1%     | (2.3%)  |
| E-commerce revenue                                  | £9.7m                                  | £8.7m                                  | 11.5%    | 4.2%  |
| Average square footage*                             | 137,341                                | 127,599                                | 7.6%     |   |
| Closing square footage*                             | 138,008                                | 133,106                                | 3.7%     |   |
| Sales per square foot<br>including e-commerce sales | £464                                   | £484                                   | (4.1%)   | (9.2%)  |
| Sales per square foot<br>excluding e-commerce sales | £394                                   | £416                                   | (5.3%)   | (10.2%)                                       |
| Wholesale revenue                                   | £33.6m                                 | £31.0m                                 | 8.4%     | 2.5%  |
| Own stores  | 38                                     | 35                                     | 3        |   |
| Concessions   | 61                                     | 61                                     | -        |   |
| Outlets   | 12                                     | 12                                     | -        |   |
| Partner stores/concessions                          | 25                                     | 21                                     | 4        |   |
| Total   | 136                                    | 129                                    | 7        |   |

\*Excludes licence partner stores.

Sales from our North American retail division increased by 3.1% (decrease of 2.3% in constant currency<sup>1</sup>) to £63.7m (2018: £61.8m) driven by the very difficult trading conditions and unseasonable weather experienced across North America in the early part of the period. Sales per square foot excluding e-commerce sales decreased 10.2% in constant currency<sup>1</sup>.

In the period, we opened a new store in Detroit and further licence partner stores in Mexico.



Our e-commerce business delivered a good performance with sales increasing by 11.5% (4.2% in constant currency<sup>1</sup>) to £9.7m (2018: £8.7m). As a percentage of North America retail sales, e-commerce sales represented 15.2% (2018: 14.1%).

Sales from our North American wholesale business increased by 8.4% (2.5% in constant currency<sup>1</sup>) to £33.6m (2018: £31.0m), reflecting the acquisition of the footwear business. Excluding this, sales decreased by 4.6% (10.0% in constant currency) due to key trustees taking a more cautious stance.

## Rest of the World

|   | 28 weeks<br>ended<br>10 August<br>2019 | 28 weeks<br>ended<br>11 August<br>2018 | Variance | Constant<br>currency<br>variance <sup>1</sup> |
|---|--|--|----------|---|
| Total retail revenue                                | £9.5m                                  | £11.2m                                 | (15.2%)  | (17.2%)                                       |
| E-commerce revenue                                  | £1.4m                                  | £1.7m                                  | (17.6%)  | (18.2%)                                       |
| Average square footage*                             | 26,469                                 | 30,351                                 | (12.8%)  |   |
| Closing square footage*                             | 26,120                                 | 26,190                                 | (0.3%)   |   |
| Sales per square foot<br>including e-commerce sales | £357                                   | £369                                   | (3.3%)   | (5.1%)  |
| Sales per square foot<br>excluding e-commerce sales | £304                                   | £313                                   | (2.9%)   | (4.6%)  |
| Own stores  | 11                                     | 10                                     | 1        |   |
| Concessions   | 10                                     | 12                                     | (2)      |   |
| Outlets   | 1                                      | 1                                      | -        |   |
| Partner stores/concessions                          | 83                                     | 75                                     | 8        |   |
| Total   | 105                                    | 98                                     | 7        |   |

\*Excludes licence partner stores.

We have continued to refine and develop our strategy in Asia, culminating in the announcement of a licence partner in Japan and the creation of a joint venture operating in China including Hong Kong S.A.R. and Macau S.A.R.

In Asia, sales decreased 15.2% (17.2% in constant currency<sup>1</sup>) to £9.5m (2018: £11.2m) and sales per square foot excluding e-commerce sales decreased 4.6% in constant currency<sup>1</sup>. In Japan, we closed one concession in the current period but also closed one store and several concessions in the prior year that have annualised in the period.

Our e-commerce concession businesses in China and Japan delivered sales of £1.4m (2018: £1.7m) which as a percentage of Asian retail sales represented 14.7% (2018: 15.2%).



Our licensed stores across the Middle East, Asia and Africa continued to perform well. Our existing licence partners opened new stores in Thailand, Singapore, India and UAE and also closed stores in Indonesia, South Korea, Saudi Arabia and UAE. As at 10 August 2019, we operated a total of 74 partner stores (2018: 66).

The joint venture with our Australian licence partner, Flair Industries Pty Ltd, continues to perform well. As at 10 August 2019, we operated nine stores in Australasia (2018: nine stores).

### **Current Trading and Outlook**

The sector in which we operate continues to face significant challenges, including weak consumer spending against a backdrop of Brexit and broader political and economic uncertainty. As a result, the trading environment remains highly competitive and promotional with competitor discounting at unprecedented levels. We continue to proactively manage these pressures, but are not immune to the external challenges.

Reflecting this, the financial results we delivered in the first half were behind our expectations. Trading in the second half has started slowly, not helped by the unseasonably warm weather in September, and this will have an impact on the full year outcome. If these trends continue, we will achieve a second half result below that of last year. We also have a number of significant trading periods across the balance of the year with forward visibility significantly reduced in these evolving sector dynamics.

We remain actively focussed on product initiatives, cost control and driving further efficiencies through our sourcing and supply chain, as well as our ongoing focus on net working capital initiatives. The strength of the brand and the flexibility of our omni-channel model underpins the Board's continuing confidence in the Group's ability to deal with the structural changes in this evolving retail environment and continue Ted Baker's long term development.

### **Retail**

In the UK and Europe, we have continued our measured and controlled expansion with a new store opened in Madrid and a store in Antwerp due to open later this year. We will continue to invest in our e-commerce sites to enhance the customer experience.

In North America, we will continue our expansion with several concession openings later in the year.



In the Rest of the World, we have completed the transactions in relation to the joint venture that will operate in China including Hong Kong S.A.R. and Macau S.A.R. and the licence partner in Japan. We have also opened our first outlet in Hong Kong and a new store in Durban, South Africa and plan to open another store in Pretoria later in the year.

### **Wholesale**

In our wholesale business, we anticipate reporting mid single-digit sales growth (in constant currency<sup>1</sup>) for the full year.

### **Licence Income**

Our product and territorial licences continue to perform well. Since the period end, our licence partners have opened stores in Egypt and Mexico with further licence partner store openings planned in Croatia, India and Indonesia.

We currently intend to make our next trading update, covering the period since the start of the second half of the financial year, in early December.

David Bernstein CBE  
Executive Chairman  
3 October 2019

#### **NOTES:**

<sup>1</sup> Constant currency comparatives are obtained by applying the exchange rates that were applicable for the 28 weeks ended 11 August 2018 to the financial results in overseas subsidiaries for the 28 weeks ended 10 August 2019 to remove the impact of exchange rate fluctuations.

<sup>2</sup> (Loss)/Profit before tax, exceptional items and IFRS 16 is a non-GAAP measure. For further information about this measure, and the reasons why we believe it is important for an understanding of the performance of the business, please refer to Note 3 of the Financial Statements.

<sup>3</sup> Adjusted basic earnings per share is a non-GAAP measure. For further information about this measure, and the reasons why we believe it is important for an understanding of the performance of the business, please refer to Note 3 of the Financial Statements.

<sup>4</sup> Operating (loss)/contribution (excluding exceptional items and IFRS 16) is a non-GAAP measure. For further information about this measure, and the reasons why we believe it is important for an understanding of the performance of the business, please refer to Note 3 of the Financial Statements.



# Condensed Group Income Statement

For the 28 weeks ended 10 August 2019

|  |      | Unaudited<br>28 weeks<br>ended<br>10 August<br>2019* | Unaudited<br>28 weeks<br>ended<br>11 August<br>2018 | Audited<br>52 weeks<br>ended<br>26 January<br>2019 |
|--|------|--|---|--|
|  | Note | £'000  | £'000   | £'000  |
| Revenue  | 2    | 303,828  | 305,988   | 617,442  |
| Cost of sales  |      | (141,161)  | (127,535)   | (257,347)  |
| Cost of sales before exceptional items                         |      | (138,712)  | (127,535)   | (257,347)  |
| Exceptional items  | 3    | (2,449)  | -   | -  |
| <b>Gross profit</b>  |      | <b>162,667</b>                                       | <b>178,453</b>                                      | <b>360,095</b>                                     |
| Distribution costs   |      | (138,578)  | (121,608)   | (249,760)  |
| Distribution costs before exceptional items                    |      | (126,754)  | (121,051)   | (240,479)  |
| Exceptional items  | 3    | (11,824)   | (557)   | (9,281)  |
| Administrative expenses  |      | (50,945)   | (41,608)  | (79,753)   |
| Administrative expenses before exceptional items               |      | (47,825)   | (41,608)  | (76,926)   |
| Exceptional items  | 3    | (3,120)  | -   | (2,827)  |
| Licence income   |      | 9,443  | 10,868  | 22,112   |
| Other operating income   |      | 346  | 40  | 1,808  |
| <b>Operating (loss)/profit</b>                                 |      | <b>(17,067)</b>                                      | <b>26,145</b>                                       | <b>54,502</b>                                      |
| Finance income   | 4    | 878  | 548   | 280  |
| Finance expense  | 4    | (7,016)  | (2,504)   | (4,463)  |
| Share of profit of jointly controlled entity, net of tax       |      | 212  | 296   | 538  |
| <b>(Loss)/Profit before tax</b>                                |      | <b>(22,993)</b>                                      | <b>24,485</b>                                       | <b>50,857</b>                                      |
| <b>(Loss)/Profit before tax, exceptional items and IFRS 16</b> |      | <b>(2,652)</b>                                       | <b>25,042</b>                                       | <b>62,965</b>                                      |
| Exceptional items  | 3    | (17,393)   | (557)   | (12,108)   |
| IFRS 16  | 1    | (2,948)  | -   | -  |
| Income tax credit/(expense)                                    | 7    | 2,458  | (5,436)   | (10,129)   |
| Income tax credit/(expense) before exceptional items           |      | 1,355  | (5,529)   | (12,089)   |
| Income tax relating to exceptional items                       |      | 1,103  | 93  | 1,960  |
| <b>(Loss)/Profit for the period</b>                            |      | <b>(20,535)</b>                                      | <b>19,049</b>                                       | <b>40,728</b>                                      |
| <b>Earnings per share</b>                                      |      |  |   |  |
| Basic  | 5    | (46.1p)  | 42.8p   | 91.5p  |
| Diluted  | 5    | (46.0p)  | 42.7p   | 91.3p  |

\* The Group has initially applied IFRS 16 at 27 January 2019, using the simplified modified retrospective transition approach. Under this approach, comparative information is not restated (see Note 1).



# Condensed Group Statement of Comprehensive Income

For the 28 weeks ended 10 August 2019

|  | Unaudited<br>28 weeks<br>ended<br>10 August<br>2019* | Unaudited 28<br>weeks<br>ended<br>11 August<br>2018 | Audited<br>52 weeks<br>ended<br>26 January<br>2019 |
|--|--|---|--|
|  | £'000  | £'000   | £'000  |
| <b>(Loss)/Profit for the period</b>                                  | <b>(20,535)</b>                                      | <b>19,049</b>                                       | <b>40,728</b>                                      |
| <b>Other comprehensive income</b>                                    |  |   |  |
| Items that may be reclassified subsequently to the income statement: |  |   |  |
| Net effective portion of changes in fair value of cash flow hedges   | 5,427  | 3,148   | 2,665  |
| Exchange differences on translation of foreign operations net of tax | 304  | 7,938   | 4,891  |
| <b>Other comprehensive income for the period, net of tax</b>         | <b>5,731</b>   | <b>11,086</b>                                       | <b>7,556</b>                                       |
| <b>Total comprehensive (expense)/income for the period</b>           | <b>(14,804)</b>                                      | <b>30,135</b>                                       | <b>48,284</b>                                      |

\* The Group has initially applied IFRS 16 at 27 January 2019, using the simplified modified retrospective transition approach. Under this approach, comparative information is not restated (see Note 1).



## Condensed Group Statement of Changes in Equity – Unaudited

For the 28 weeks ended 10 August 2019

|   | Share capital | Share premium | Cash flow hedging reserve | Translation reserve | Retained earnings | Total equity attributable to equity shareholders of the parent |
|---|---------------|---------------|---------------------------|---------------------|-------------------|--|
| <b>Balance at 26 January 2019</b>   | <b>2,228</b>  | <b>10,555</b> | <b>(183)</b>              | <b>4,856</b>        | <b>227,262</b>    | <b>244,718</b>   |
| <b>Comprehensive income for the period</b>                                    |               |               |                           |                     |                   |  |
| Loss for the period   | -             | -             | -                         | -                   | (20,535)          | (20,535)   |
| Exchange differences on translation of foreign operations                     | -             | -             | -                         | 1,874               | -                 | 1,874  |
| Current tax on foreign currency translation                                   | -             | -             | -                         | (1,570)             | -                 | (1,570)  |
| Effective portion of changes in fair value of cash flow hedges                | -             | -             | 6,264                     | -                   | -                 | 6,264  |
| Deferred tax associated with movement in hedging reserve                      | -             | -             | (837)                     | -                   | -                 | (837)  |
| <b>Total comprehensive income for the period</b>                              | <b>-</b>      | <b>-</b>      | <b>5,427</b>              | <b>304</b>          | <b>(20,535)</b>   | <b>(14,804)</b>  |
| Net change in fair value of cash flow hedges transferred to cost of inventory | -             | -             | (1,341)                   | -                   | -                 | (1,341)  |
| Increase in issued share capital  | -             | -             | -                         | -                   | -                 | -  |
| Share-based payment charges   | -             | -             | -                         | -                   | 222               | 222  |
| Movement on current and deferred tax on share-based payments                  | -             | -             | -                         | -                   | (25)              | (25)   |
| Dividends paid  | -             | -             | -                         | -                   | (18,138)          | (18,138)   |
| <b>Total</b>  | <b>-</b>      | <b>-</b>      | <b>(1,341)</b>            | <b>-</b>            | <b>(17,941)</b>   | <b>(19,282)</b>  |
| <b>Balance at 10 August 2019</b>  | <b>2,228</b>  | <b>10,555</b> | <b>3,903</b>              | <b>5,160</b>        | <b>188,786</b>    | <b>210,632</b>   |



## Condensed Group Statement of Changes in Equity – Unaudited

For the 28 weeks ended 11 August 2018

|   | Share capital | Share premium | Cash flow hedging reserve | Translation reserve | Retained earnings | Total equity attributable to equity shareholders of the parent |
|---|---------------|---------------|---------------------------|---------------------|-------------------|--|
| <b>Balance at 27 January 2018</b>   | <b>2,224</b>  | <b>10,487</b> | <b>(3,002)</b>            | <b>(35)</b>         | <b>214,376</b>    | <b>224,050</b>   |
| <b>Comprehensive income for the period</b>                                    |               |               |                           |                     |                   |  |
| Profit for the period   | -             | -             | -                         | -                   | 19,049            | <b>19,049</b>  |
| Exchange differences on translation of foreign operations                     | -             | -             | -                         | 9,840               | -                 | <b>9,840</b>   |
| Current tax on foreign currency translation                                   | -             | -             | -                         | (1,902)             | -                 | <b>(1,902)</b>   |
| Effective portion of changes in fair value of cash flow hedges                | -             | -             | 4,058                     | -                   | -                 | <b>4,058</b>   |
| Deferred tax associated with movement in hedging reserve                      | -             | -             | (910)                     | -                   | -                 | <b>(910)</b>   |
| <b>Total comprehensive income for the period</b>                              | <b>-</b>      | <b>-</b>      | <b>3,148</b>              | <b>7,938</b>        | <b>19,049</b>     | <b>30,135</b>  |
| Net change in fair value of cash flow hedges transferred to cost of inventory | -             | -             | 616                       | -                   | -                 | <b>616</b>   |
| Increase in issued share capital  | 4             | 37            | -                         | -                   | -                 | <b>41</b>  |
| Share-based payment charges/(credit)  | -             | -             | -                         | -                   | (6)               | <b>(6)</b>   |
| Movement on current and deferred tax on share-based payments                  | -             | -             | -                         | -                   | (605)             | <b>(605)</b>   |
| Dividends paid  | -             | -             | -                         | -                   | (19,377)          | <b>(19,377)</b>  |
| <b>Total</b>  | <b>4</b>      | <b>37</b>     | <b>616</b>                | <b>-</b>            | <b>(19,988)</b>   | <b>(19,331)</b>  |
| <b>Balance at 11 August 2018</b>  | <b>2,228</b>  | <b>10,524</b> | <b>762</b>                | <b>7,903</b>        | <b>213,437</b>    | <b>234,854</b>   |



# Condensed Group Statement of Changes in Equity – Audited

For the 52 weeks ended 26 January 2019

|   | Share capital | Share premium | Cash flow hedging reserve | Translation reserve | Retained earnings | Total equity attributable to equity shareholders of the parent |
|---|---------------|---------------|---------------------------|---------------------|-------------------|--|
|   | £'000         | £'000         | £'000                     | £'000               | £'000             | £'000  |
| <b>Balance at 27 January 2018</b>   | <b>2,224</b>  | <b>10,487</b> | <b>(3,002)</b>            | <b>(35)</b>         | <b>214,376</b>    | <b>224,050</b>   |
| <b>Comprehensive income for the period</b>                                    |               |               |                           |                     |                   |  |
| Profit for the period   | -             | -             | -                         | -                   | 40,728            | <b>40,728</b>  |
| Exchange differences on translation of foreign operations                     | -             | -             | -                         | 6,323               | -                 | <b>6,323</b>   |
| Current tax on foreign currency translation                                   | -             | -             | -                         | (1,432)             | -                 | <b>(1,432)</b>   |
| Effective portion of changes in fair value of cash flow hedges                | -             | -             | 3,335                     | -                   | -                 | <b>3,335</b>   |
| Deferred tax associated with movement in hedging reserve                      | -             | -             | (670)                     | -                   | -                 | <b>(670)</b>   |
| <b>Total comprehensive income for the period</b>                              | <b>-</b>      | <b>-</b>      | <b>2,665</b>              | <b>4,891</b>        | <b>40,728</b>     | <b>48,284</b>  |
| <b>Transactions with owners recorded directly in equity</b>                   |               |               |                           |                     |                   |  |
| Net change in fair value of cash flow hedges transferred to cost of inventory | -             | -             | 154                       | -                   | -                 | <b>154</b>   |
| Increase in issued share capital  | 4             | 68            | -                         | -                   | -                 | <b>72</b>  |
| Share-based payment charges   | -             | -             | -                         | -                   | 145               | <b>145</b>   |
| Movement on current and deferred tax on share-based payments                  | -             | -             | -                         | -                   | (637)             | <b>(637)</b>   |
| Dividends paid  | -             | -             | -                         | -                   | (27,350)          | <b>(27,350)</b>  |
| <b>Total transactions with owners</b>   | <b>4</b>      | <b>68</b>     | <b>154</b>                | <b>-</b>            | <b>(27,842)</b>   | <b>(27,616)</b>  |
| <b>Balance at 26 January 2019</b>   | <b>2,228</b>  | <b>10,555</b> | <b>(183)</b>              | <b>4,856</b>        | <b>227,262</b>    | <b>244,718</b>   |



# Condensed Group Balance Sheet

At 10 August 2019

|   | Note | Unaudited<br>10 August<br>2019<br>£'000 | Unaudited<br>11 August<br>2018<br>£'000 | Audited<br>26 January<br>2019<br>£'000 |
|---|------|---|---|--|
| <b>Non-current assets</b>                 |      |   |   |  |
| Intangible assets                         | 10   | 42,680                                  | 37,206                                  | 43,673                                 |
| Property, plant and equipment             | 11   | 137,073                                 | 145,302                                 | 131,865                                |
| Right-of-use assets                       | 12   | 165,879                                 | -                                       | -                                      |
| Investment in equity accounted investee   |      | 1,808                                   | 2,189                                   | 1,874                                  |
| Deferred tax assets                       |      | 6,791                                   | 4,407                                   | 6,719                                  |
| Prepayments                               |      | 762                                     | 857                                     | 773                                    |
|   |      | <b>354,993</b>                          | <b>189,961</b>                          | <b>184,904</b>                         |
| <b>Current assets</b>                     |      |   |   |  |
| Inventories                               |      | 209,604                                 | 208,154                                 | 225,849                                |
| Trade and other receivables               |      | 70,798                                  | 65,377                                  | 78,604                                 |
| Amount due from equity accounted investee |      | 311                                     | 482                                     | 263                                    |
| Derivative financial assets               | 14   | 5,514                                   | 1,268                                   | 316                                    |
| Cash and cash equivalents                 | 9    | 11,689                                  | 19,153                                  | 14,654                                 |
| Assets held for sale                      | 13   | 10,005                                  | -                                       | -                                      |
|   |      | <b>307,921</b>                          | <b>294,434</b>                          | <b>319,686</b>                         |
| <b>Current liabilities</b>                |      |   |   |  |
| Trade and other payables                  |      | (109,049)                               | (85,315)                                | (108,628)                              |
| Bank overdraft                            | 9    | (108,138)                               | (102,366)                               | (91,496)                               |
| Term loan                                 |      | (4,000)                                 | (4,500)                                 | (4,000)                                |
| Income tax payable                        |      | (810)                                   | (9,035)                                 | (7,141)                                |
| Lease liabilities                         |      | (35,786)                                | -                                       | -                                      |
| Derivative financial liabilities          | 14   | (821)                                   | -                                       | (689)                                  |
| Liabilities held for sale                 | 13   | (5,008)                                 | -                                       | -                                      |
|   |      | <b>(263,612)</b>                        | <b>(201,216)</b>                        | <b>(211,954)</b>                       |
| <b>Non-current liabilities</b>            |      |   |   |  |
| Deferred tax liabilities                  |      | (5,120)                                 | (3,325)                                 | (4,918)                                |
| Term loan                                 |      | (41,000)                                | (45,000)                                | (43,000)                               |
| Lease liabilities                         |      | (142,550)                               | -                                       | -                                      |
|   |      | <b>(188,670)</b>                        | <b>(48,325)</b>                         | <b>(47,918)</b>                        |
| <b>Net assets</b>                         |      |   |   |  |
|   |      | <b>210,632</b>                          | <b>234,854</b>                          | <b>244,718</b>                         |
| <b>Equity</b>                             |      |   |   |  |
| Share capital                             |      | 2,228                                   | 2,228                                   | 2,228                                  |
| Share premium                             |      | 10,555                                  | 10,524                                  | 10,555                                 |
| Other reserves                            |      | 3,903                                   | 762                                     | (183)                                  |
| Translation reserve                       |      | 5,160                                   | 7,903                                   | 4,856                                  |
| Retained earnings                         |      | 188,786                                 | 213,437                                 | 227,262                                |
| <b>Total equity</b>                       |      | <b>210,632</b>                          | <b>234,854</b>                          | <b>244,718</b>                         |

\* The Group has initially applied IFRS 16 at 27 January 2019, using the simplified modified retrospective transition approach. Under this approach, comparative information is not restated (see Note 1).



# Condensed Group Cash Flow Statement

For the 28 weeks ended 10 August 2019

|   | Unaudited<br>28 weeks<br>ended<br>10 August<br>2019* | Unaudited<br>28 weeks<br>ended<br>11 August<br>2018 | Audited<br>52 weeks<br>ended<br>26 January<br>2019 |
|---|--|---|--|
|   | £'000  | £'000   | £'000  |
| <b>Cash generated from operations</b>   |  |   |  |
| (Loss)/Profit for the period  | (20,535)   | 19,049  | 40,728   |
| Adjusted for:   |  |   |  |
| Income tax (credit)/expense   | (2,458)  | 5,436   | 10,129   |
| Depreciation and amortisation   | 37,686   | 12,941  | 25,266   |
| Impairments   | -  | -   | 8,717  |
| Fair value adjustments on assets held for sale (see Note 13)                    | 11,016   | -   | -  |
| Loss on disposal of property, plant and equipment                               | 106  | 9   | 53   |
| Share-based payments charge/(credit)  | 222  | (6)   | 145  |
| Net finance expense   | 6,138  | 1,956   | 4,183  |
| Net change in derivative financial assets and liabilities carried at fair value | (383)  | (802)   | (142)  |
| Share of profit in joint venture  | (212)  | (296)   | (538)  |
| Decrease/(increase) in non-current prepayments                                  | 67   | (491)   | (436)  |
| Decrease/(increase) in inventory  | 15,946   | (15,009)  | (24,503)   |
| (Increase)/decrease in trade and other receivables                              | (330)  | 1,094   | 1,122  |
| (Decrease)/increase in trade and other payables                                 | 850  | (23)  | 16,262   |
| Interest paid   | (1,953)  | (1,792)   | (3,791)  |
| Income taxes paid   | (4,817)  | (5,683)   | (13,963)   |
| <b>Net cash generated from operating activities</b>                             | <b>41,343</b>  | <b>16,383</b>                                       | <b>63,232</b>                                      |
| <b>Cash flow from investing activities</b>                                      |  |   |  |
| Purchases of property, plant and equipment and intangibles                      | (16,904)   | (18,508)  | (30,262)   |
| Business acquisition (net of cash acquired)                                     | 475  | -   | (18,695)   |
| Interest received   | 94   | 54  | 133  |
| Dividends received from joint venture   | 278  | -   | 557  |
| <b>Net cash from investing activities</b>                                       | <b>(16,057)</b>                                      | <b>(18,454)</b>                                     | <b>(48,267)</b>                                    |
| <b>Cash flow from financing activities</b>                                      |  |   |  |
| Repayment of term loan  | (2,000)  | (3,000)   | (5,500)  |
| Repayment of capital element of leases  | (24,047)   | -   | -  |
| Dividends paid  | (18,138)   | (19,377)  | (27,350)   |
| Proceeds from issue of shares   | -  | 41  | 72   |
| <b>Net cash from financing activities</b>                                       | <b>(44,185)</b>                                      | <b>(22,336)</b>                                     | <b>(32,778)</b>                                    |
| <b>Net decrease in cash and cash equivalents</b>                                | <b>(18,899)</b>                                      | <b>(24,407)</b>                                     | <b>(17,813)</b>                                    |
| Cash and cash equivalents at the beginning of the period                        | (76,842)   | (59,331)  | (59,331)   |
| Exchange rate movement  | 1,015  | 525   | 302  |
| <b>Net cash and cash equivalents at the end of the period</b>                   | <b>(94,726)</b>                                      | <b>(83,213)</b>                                     | <b>(76,842)</b>                                    |
| Cash and cash equivalents at the end of the period                              | 11,689   | 19,153  | 14,654   |
| Bank overdraft at the end of the period   | (108,138)  | (102,366)   | (91,496)   |
| Cash and cash equivalents included in asset held for sale (see Note 13)         | 1,723  |   |  |
| <b>Net cash and cash equivalents at the end of the period</b>                   | <b>(94,726)</b>                                      | <b>(83,213)</b>                                     | <b>(76,842)</b>                                    |

\*The Group has initially applied IFRS 16 at 27 January 2019, using the simplified modified retrospective transition approach. Under this approach, comparative information is not restated (see Note 1).



## Notes to the Condensed Interim Financial Statements

For the 28 weeks ended 10 August 2019

### 1. Basis of preparation

#### a. Reporting entity

Ted Baker Plc (the “Company”) is a company domiciled in the United Kingdom. The condensed interim financial statements (“interim financial statements”) of Ted Baker Plc as at, and for the 28 weeks ended, 10 August 2019 comprise the Company and its subsidiaries (together referred to as the “Group”).

The Group financial statements as at, and for the 52 weeks ended 26 January 2019 are available upon request from the Company’s registered office at Ted Baker Plc, The Ugly Brown Building, 6a St. Pancras Way, London NW1 0TB and at [www.tedbakerplc.com](http://www.tedbakerplc.com).

#### b. Statement of compliance

These interim financial statements have been prepared in accordance with “IAS 34 Interim Financial Reporting” as adopted by the EU and the requirements of the Disclosures and Transparency Rules. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group financial statements as at, and for the 52 weeks ended 26 January 2019. These interim financial statements were approved by the Board of Directors on 3 October 2019.

The comparative figures for the 52 weeks ended 26 January 2019 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. These sections address whether proper accounting records have been kept, whether the Company's accounts are in agreement with these records and whether the auditor has obtained all the information and explanations necessary for the purposes of the audit.

The financial information in this document is unaudited but has been reviewed by the auditor in accordance with the Auditing Practices Board guidance on Review of Interim Financial Information.

#### c. Going concern

The Group financial statements for the 52 weeks ended 26 January 2019, approved by the Board on 21 March 2019, included information on the business environment in which the Group operates, including the factors that are likely to impact the future prospects of the Group, together with the principal risks and uncertainties that the Group faces. In addition, the notes to the consolidated financial statements set out the Group's objectives, policies and processes for managing its financial and capital risk and its exposures to credit, market and liquidity risk. Many of the risks and uncertainties reported are such that their potential to impact the Group's operations are inherent and remain valid as regards to their potential impact during the second half of the financial year ending 25 January 2020.

The Directors have prepared trading and cash flow forecasts for a period of one year from the date of approval of these interim financial statements. The Directors have a reasonable expectation that the Group has adequate cash headroom and expects to meet all banking covenant requirements. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Group.

#### d. Significant accounting policies

The interim financial statements for the 28 weeks ended 10 August 2019 have been prepared on a basis consistent with the accounting policies published in the Group's financial statements for the 52 weeks ended 26 January 2019, with the exception of the items noted below. These changes in accounting policy will also be reflected in the Group's financial statements as at and for the 52 weeks ending 25 January 2020.



## 1. Basis of preparation (continued)

### IFRS 16 'Leases'

IFRS 16 'Leases' specifies how to recognise, measure, present and disclose leases and replaces IAS 17 'Leases'. The Group adopted IFRS 16 from 27 January 2019 using a simplified modified retrospective transition approach. The comparative information presented for the 52 weeks ended 26 January 2019 and the 28 weeks ended 11 August 2018 has not been restated and therefore continues to be shown under IAS 17.

The main impact of IFRS 16 for the Group is the recognition of all future lease liabilities on the Balance Sheet. Corresponding right-of-use assets have also been recognised on the Balance Sheet representing the economic benefits of the Group's right to use the underlying leased assets.

### Accounting policy under IFRS16 'Leases'

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities at the lease commencement date.

The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate and this rate is determined on a portfolio basis, in relation to asset type and location. Lease liabilities are subsequently measured at amortised cost and are increased by the interest charge and decreased by the lease payments made. Lease liabilities are remeasured 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. The Group has applied judgement to determine the lease term for those lease contracts that include a renewal or break option. The assessment of whether the Group is reasonably certain to exercise a renewal option or reasonably certain not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the balance sheet.

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 remeasurements 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.

On transition to IFRS 16, the Group elected to apply the following practical expedients on a lease by lease basis:

- (i) applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (ii) to apply the short-term exemption for all asset classes and to apply low value exemptions;
- (iii) to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- (iv) to rely on the previous assessment of onerous contracts.



## 1. Basis of preparation (continued)

### Impact of IFRS 16 'Leases'

As explained above, the Group has adopted IFRS 16 'Leases' for the first time in the 28 weeks ended 10 August 2019 using the simplified modified retrospective transition approach. Accordingly, the results for the 28 weeks ended 11 August 2018 and 52 weeks ended 26 January 2019 have not been restated. The table below shows the adjustments required to the Consolidated Group Income Statement to reflect the pre-IFRS 16 profit measure.

|   | Unaudited<br>28 weeks<br>ended<br>10 August<br>2019 | Unaudited<br>28 weeks<br>ended<br>11 August<br>2018 | Audited<br>52 weeks<br>ended<br>26 January<br>2019 |
|---|---|---|--|
|   | £'000   | £'000   | £'000  |
| Add back of operating lease rentals         | 23,989  | -   | -  |
| IFRS 16 depreciation expenses               | (22,034)  | -   | -  |
| <b>IFRS 16 Operating profit adjustment</b>  | <b>1,955</b>  | <b>-</b>  | <b>-</b>   |
| IFRS 16 interest charge                     | (4,903)   | -   | -  |
| <b>IFRS 16 Profit before tax adjustment</b> | <b>(2,948)</b>                                      | <b>-</b>  | <b>-</b>   |

### Accounting policy under IAS 17 'Operating leases'

For all periods prior to 26 January 2019, the Group classified its property leases as operating leases under IAS 17.

Rentals under operating leases were charged as incurred, unless there were pre-determined rental increases in the lease, in which case they were recognised on a straight-line basis over the lease term. Leasehold incentives received were recognised as an integral part of total lease expense, over the term of the lease.

Certain rental expenses were determined on the basis of revenue achieved in specific retail locations and were accrued for on that basis. The Group engages in lease and concession arrangements that include fixed and variable elements, depending on the terms of the underlying agreement.

### Assets and liabilities held for sale

An asset or a group of assets and a liability or a group of liabilities is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, assets and liabilities are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss.



## 2. Segment information

### Segment revenue and segment result

| Unaudited – 28 weeks ended 10 August 2019*                   | Retail         | Wholesale     | Licensing    | Total            |
|--|----------------|---------------|--------------|------------------|
|  | £'000          | £'000         | £'000        | £'000            |
| <b>Revenue</b>   | <b>214,538</b> | <b>89,290</b> | <b>-</b>     | <b>303,828</b>   |
| Cost of sales  | (82,981)       | (55,731)      | -            | (138,712)        |
| <b>Gross profit</b>  | <b>131,557</b> | <b>33,559</b> | <b>-</b>     | <b>165,116</b>   |
| Operating costs  | (119,697)      | -             | -            | (119,697)        |
| <b>Operating contribution</b>                                | <b>11,860</b>  | <b>33,559</b> | <b>-</b>     | <b>45,419</b>    |
| Licence income   | -              | -             | 9,443        | 9,443            |
| <b>Segment result</b>  | <b>11,860</b>  | <b>33,559</b> | <b>9,443</b> | <b>54,862</b>    |
| <b>Reconciliation of segment result to profit before tax</b> |                |               |              |                  |
| <b>Segment result</b>  | <b>11,860</b>  | <b>33,559</b> | <b>9,443</b> | <b>54,862</b>    |
| Other operating costs  | -              | -             | -            | (54,882)         |
| Exceptional items  | -              | -             | -            | (17,393)         |
| Other operating income                                       | -              | -             | -            | 346              |
| <b>Operating loss</b>  | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>(17,067)</b>  |
| Finance income   | -              | -             | -            | 878              |
| Finance expenses   | -              | -             | -            | (7,016)          |
| Share of profit of jointly controlled entity, net of tax     | -              | -             | -            | 212              |
| <b>Loss before tax</b>                                       | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>(22,993)</b>  |
| Capital expenditure  | 10,545         | 277           | -            | 10,822           |
| Unallocated capital expenditure                              | -              | -             | -            | 6,404            |
| <b>Total capital expenditure</b>                             | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>17,226</b>    |
| Depreciation and amortisation                                | (30,600)       | (304)         | -            | (30,904)         |
| Unallocated depreciation and amortisation                    | -              | -             | -            | (6,782)          |
| <b>Total depreciation and amortisation</b>                   | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>(37,686)</b>  |
| Segment assets   | 420,641        | 108,318       | -            | 528,959          |
| Deferred tax assets  | -              | -             | -            | 6,791            |
| Derivative financial assets                                  | -              | -             | -            | 5,514            |
| Intangible assets – head office                              | -              | -             | -            | 38,177           |
| Plant, property and equipment – head office                  | -              | -             | -            | 80,592           |
| Other assets   | -              | -             | -            | 2,881            |
| <b>Total assets</b>  | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>662,914</b>   |
| Segment liabilities  | (336,703)      | (63,828)      | -            | (400,531)        |
| Income tax payable   | -              | -             | -            | (810)            |
| Term loan  | -              | -             | -            | (45,000)         |
| Other liabilities  | -              | -             | -            | (5,941)          |
| <b>Total liabilities</b>                                     | <b>-</b>       | <b>-</b>      | <b>-</b>     | <b>(452,282)</b> |
| <b>Net assets</b>  |                |               |              | <b>210,632</b>   |

\*The Group has initially applied IFRS 16 at 27 January 2019, using the simplified modified retrospective transition approach. Under this approach, comparative information is not restated (see Note 1).



## 2. Segment information (continued)

| Unaudited – 28 weeks ended 11 August 2018                    | Retail<br>£'000 | Wholesale<br>£'000 | Licensing<br>£'000 | Total<br>£'000   |
|--|-----------------|--------------------|--------------------|------------------|
| <b>Revenue</b>   | <b>220,106</b>  | <b>85,882</b>      | -                  | <b>305,988</b>   |
| Cost of sales  | (78,906)        | (48,629)           | -                  | (127,535)        |
| <b>Gross profit</b>  | <b>141,200</b>  | <b>37,253</b>      | -                  | <b>178,453</b>   |
| Operating costs  | (116,478)       | -                  | -                  | (116,478)        |
| <b>Operating contribution</b>                                | <b>24,722</b>   | <b>37,253</b>      | -                  | <b>61,975</b>    |
| Licence income   | -               | -                  | 10,868             | 10,868           |
| <b>Segment result</b>  | <b>24,722</b>   | <b>37,253</b>      | <b>10,868</b>      | <b>72,843</b>    |
| <b>Reconciliation of segment result to profit before tax</b> |                 |                    |                    |                  |
| <b>Segment result</b>  | <b>24,722</b>   | <b>37,253</b>      | <b>10,868</b>      | <b>72,843</b>    |
| Other operating costs  | -               | -                  | -                  | (46,181)         |
| Exceptional items  | -               | -                  | -                  | (557)            |
| Other operating income                                       | -               | -                  | -                  | 40               |
| <b>Operating profit</b>                                      | -               | -                  | -                  | <b>26,145</b>    |
| Finance income   | -               | -                  | -                  | (1,956)          |
| Finance expense  | -               | -                  | -                  | -                |
| Share of profit of jointly controlled entity, net of tax     | -               | -                  | -                  | 296              |
| <b>Profit before tax</b>                                     | -               | -                  | -                  | <b>24,485</b>    |
| Capital expenditure  | 10,289          | 316                | -                  | 10,605           |
| Unallocated capital expenditure                              | -               | -                  | -                  | 8,103            |
| <b>Total capital expenditure</b>                             | -               | -                  | -                  | <b>18,708</b>    |
| Depreciation and amortisation                                | 8,628           | 256                | -                  | 8,884            |
| Unallocated depreciation and amortisation                    | -               | -                  | -                  | 4,057            |
| <b>Total depreciation and amortisation</b>                   | -               | -                  | -                  | <b>12,941</b>    |
| Segment assets   | 256,740         | 105,741            | -                  | 362,481          |
| Deferred tax assets  | -               | -                  | -                  | 4,407            |
| Derivative financial assets                                  | -               | -                  | -                  | 1,268            |
| Intangible assets – head office                              | -               | -                  | -                  | 32,021           |
| Plant, property and equipment – head office                  | -               | -                  | -                  | 80,690           |
| Other assets   | -               | -                  | -                  | 3,528            |
| <b>Total assets</b>  | -               | -                  | -                  | <b>484,395</b>   |
| Segment liabilities  | (136,725)       | (50,956)           | -                  | (187,681)        |
| Income tax payable   | -               | -                  | -                  | (9,035)          |
| Term loan  | -               | -                  | -                  | (49,500)         |
| Other liabilities  | -               | -                  | -                  | (3,325)          |
| <b>Total liabilities</b>                                     | -               | -                  | -                  | <b>(249,541)</b> |
| <b>Net assets</b>  | -               | -                  | -                  | <b>234,854</b>   |



## 2. Segment information (continued)

| <b>Audited - 52 weeks ended 26 January 2019</b>              | <b>Retail</b>  | <b>Wholesale</b> | <b>Licensing</b> | <b>Total</b>     |
|--|----------------|------------------|------------------|------------------|
|  | £'000          | £'000            | £'000            | £'000            |
| Revenue  | <b>460,990</b> | <b>156,452</b>   | -                | <b>617,442</b>   |
| Cost of sales  | (169,924)      | (87,423)         | -                | (257,347)        |
| <b>Gross profit</b>  | <b>291,066</b> | <b>69,029</b>    | -                | <b>360,095</b>   |
| Operating costs  | (231,885)      | -                | -                | (231,885)        |
| <b>Operating contribution</b>                                | <b>59,181</b>  | <b>69,029</b>    | -                | <b>128,210</b>   |
| Licence income   | -              | -                | 22,112           | 22,112           |
| <b>Segment result</b>  | <b>59,181</b>  | <b>69,029</b>    | <b>22,112</b>    | <b>150,322</b>   |
| <b>Reconciliation of segment result to profit before tax</b> |                |                  |                  |                  |
| <b>Segment result</b>  | 59,181         | 69,029           | 22,112           | 150,322          |
| Other operating costs  | -              | -                | -                | (85,520)         |
| Exceptional items  | -              | -                | -                | (12,108)         |
| Other operating income                                       | -              | -                | -                | 1,808            |
| <b>Operating profit</b>                                      | -              | -                | -                | <b>54,502</b>    |
| Finance income   | -              | -                | -                | 280              |
| Finance expense  | -              | -                | -                | (4,463)          |
| Share of profit of jointly controlled entity, net of tax     | -              | -                | -                | 538              |
| <b>Profit before tax</b>                                     | -              | -                | -                | <b>50,857</b>    |
| Capital expenditure  | 16,799         | 351              | -                | 17,150           |
| Unallocated capital expenditure                              | -              | -                | -                | 13,333           |
| Reacquired right   | -              | -                | -                | 3,781            |
| <b>Total capital expenditure</b>                             | -              | -                | -                | <b>34,264</b>    |
| Depreciation and amortisation                                | 16,565         | 494              | -                | 17,059           |
| Unallocated depreciation and amortisation                    | -              | -                | -                | 8,207            |
| <b>Total depreciation and amortisation</b>                   | -              | -                | -                | <b>25,266</b>    |
| Segment assets   | 270,375        | 108,169          | -                | 378,544          |
| Deferred tax assets  | -              | -                | -                | 6,719            |
| Derivative financial assets                                  | -              | -                | -                | 316              |
| Intangible assets – head office                              | -              | -                | -                | 39,037           |
| Property, plant and equipment – head office                  | -              | -                | -                | 77,064           |
| Other assets   | -              | -                | -                | 2,910            |
| <b>Total assets</b>  | -              | -                | -                | <b>504,590</b>   |
| Segment liabilities  | (149,414)      | (50,710)         | -                | (200,124)        |
| Income tax payable   | -              | -                | -                | (7,141)          |
| Term loan  | -              | -                | -                | (47,000)         |
| Other liabilities  | -              | -                | -                | (5,607)          |
| <b>Total liabilities</b>                                     | -              | -                | -                | <b>(259,872)</b> |
| <b>Net assets</b>  | -              | -                | -                | <b>244,718</b>   |



### 3. Exceptional items

Exceptional 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. Generally, exceptional items include those items that do not occur often and are material.

The Directors believe that the profit before tax and exceptional items, the operating contribution (excluding exceptional items) and the adjusted earnings per share measures provide useful information for shareholders on the underlying performance of the business. These measures are also consistent with how underlying business performance is measured internally. The profit before tax and exceptional items measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

Exceptional costs in the 28 weeks ended 10 August 2019 of £17.4m comprised the partial unwind of accounting adjustments in relation to the prior year acquisition of the footwear business of £3.5m, further costs incurred in relation to the investigation into the allegations of misconduct of the former Chief Executive Officer and the Group's policies, procedures and handling of HR-related complaints and other legal matters of £2.0m, and the expected loss on restructure of our of our legacy businesses in Asia of £11.8m.

Exceptional costs in the 28 weeks ended 11 August 2018 of £0.6m related to debtor balances owed by House of Fraser which are not expected to be recovered following its entry into administration.

Exceptional costs in the 52 weeks ended 26 January 2019 amounted to £12.1m and comprised provision for debtor balances owed by House of Fraser on its entry into administration of £0.6m, advisory and one-off integration costs in relation to the acquisition of the footwear business of £1.7m, costs incurred prior to the year end in relation to the ongoing investigation into the allegations of misconduct of the former Chief Executive Officer and the Group's policies, procedures and handling of HR-related complaints of £1.1m, and the impairment of retail assets across the Group of £8.7m.

#### Reconciliation of profit before tax to profit before tax and exceptional items

|   | Unaudited<br>28 weeks<br>ended<br>10 August<br>2019 | Unaudited<br>28 weeks<br>ended<br>11 August<br>2018 | Audited<br>52 weeks<br>ended<br>26 January<br>2019 |
|---|---|---|--|
|   | £'000   | £'000   | £'000  |
| <b>(Loss)/Profit before tax</b>   | <b>(22,993)</b>                                     | <b>24,485</b>                                       | <b>50,857</b>                                      |
| Provision for specific trade and other receivables                                      | -   | 557   | 557  |
| Impairment of retail assets, relating to three stores in the US and one store in Europe | -   | -   | 8,717  |
| Acquisition costs and unwind of associated fair value accounting adjustments            | 3,535   | -   | 1,740  |
| External investigation and other legal costs  | 2,034   | -   | 1,094  |
| Loss on sale of Asian business  | 11,824  | -   | -  |
| <b>Exceptional items</b>  | <b>17,393</b>                                       | <b>557</b>  | <b>12,108</b>                                      |
| <b>(Loss)/Profit before tax and exceptional items</b>                                   | <b>(5,600)</b>                                      | <b>25,042</b>                                       | <b>62,965</b>                                      |
| Impact of IFRS 16 (see Note 1)  | 2,948   | -   | -  |
| <b>(Loss)/Profit before tax, exceptional items and IFRS 16</b>                          | <b>(2,652)</b>                                      | <b>25,042</b>                                       | <b>62,965</b>                                      |



#### 4. Finance income and expenses

|                                 | Unaudited<br>28 weeks<br>ended<br>10 August<br>2019* | Unaudited<br>28 weeks<br>ended<br>11 August<br>2018 | Audited<br>52 weeks<br>ended<br>26 January<br>2019 |
|---------------------------------|--|---|--|
|                                 | £'000  | £'000   | £'000  |
| Finance income                  |  |   |  |
| – Interest receivable           | 94   | 54  | 133  |
| – Foreign exchange gains        | 784  | 494   | 147  |
|                                 | <u>878</u>   | <u>548</u>  | <u>280</u>   |
| Finance expenses                |  |   |  |
| – Interest payable              | (2,078)  | (1,925)   | (3,777)  |
| – Interest on lease liabilities | (4,903)  | -   | -  |
| – Foreign exchange losses       | (35)   | (579)   | (686)  |
|                                 | <u>(7,016)</u>                                       | <u>(2,504)</u>                                      | <u>(4,463)</u>                                     |

\* The Group has initially applied IFRS 16 at 27 January 2019, using the simplified modified retrospective transition approach. Under this approach, comparative information is not restated (see Note 1).

#### 5. Earnings per share

|  | Unaudited<br>28 weeks<br>ended<br>10 August<br>2019* | Unaudited<br>28 weeks<br>ended<br>11 August<br>2018 | Audited<br>52 weeks<br>ended<br>26 January<br>2019 |
|--|--|---|--|
| Number of shares:  | No.  | No.   | No.  |
| Weighted number of ordinary shares outstanding           | 44,564,951   | 44,509,556  | 44,532,779   |
| Effect of dilutive options                               | <u>61,275</u>  | <u>82,576</u>                                       | <u>59,849</u>                                      |
| Weighted number of ordinary shares outstanding – diluted | <u>44,626,226</u>                                    | <u>44,592,132</u>                                   | <u>44,592,628</u>                                  |
| Earnings:  |  |   |  |
| (Loss)/Profit for the period – basic and diluted         | (20,535)   | 19,049  | 40,728   |
| (Loss)/Profit for the period – adjusted*                 | (2,011)  | 19,513  | 50,876   |
| Basic earnings per share                                 | (46.1p)  | 42.8p   | 91.5p  |
| Adjusted earnings per share**                            | (4.5p)   | 43.8p   | 114.2p   |
| Diluted earnings per share                               | (46.0p)  | 42.7p   | 91.3p  |
| Adjusted diluted earnings per share**                    | (4.5p)   | 43.8p   | 114.1p   |

*Diluted earnings per share and adjusted diluted earnings per share have been calculated using additional ordinary shares of 5p each available under the Ted Baker Sharesave Scheme and the Ted Baker Plc Long-Term Incentive Plan 2013.*

\* The Group has initially applied IFRS 16 at 27 January 2019, using the simplified modified retrospective transition approach. Under this approach, comparative information is not restated (see Note 1).

\*\*Adjusted (loss)/profit for the period and adjusted earnings per share are shown before exceptional costs and IFRS 16 (net of tax). Exceptional items net of tax were £16.3m (28 weeks ended 11 August 2018: exceptional costs of £0.5m; 52 weeks ended 26 January 2019: exceptional costs of £10.1m) and the impact of IFRS 16 net of tax was £2.2m (28 weeks ended 11 August 2018: IFRS 16 impact of £nil; 52 weeks ended 26 January 2019: IFRS 16 impact of £nil).



## 6. Dividends per share

|  | Unaudited<br>28 weeks<br>ended<br>10 August<br>2019 | Unaudited<br>28 weeks<br>ended<br>11 August<br>2018 | Audited<br>52 weeks<br>ended<br>26 January<br>2019 |
|--|---|---|--|
|  | £'000   | £'000   | £'000  |
| Final dividend paid for the prior year of 40.7p per ordinary share (2018: 43.5p) | 18,138  | 19,377  | 19,377   |
| Interim dividend paid 2019: £nil (2018: £nil)                                    | -   | -   | 7,973  |
|  | <u>18,138</u>                                       | <u>19,377</u>                                       | <u>27,350</u>                                      |

The Board has declared an interim dividend of 7.8p per share (2018:17.9p) payable on 22 November 2019 to shareholders on the register at 11 October 2019.

## 7. Income tax expense

An income tax credit is recognised on losses before exceptional items at the full year forecast effective tax rate of 24.2% for the 28 weeks ended 10 August 2019 (28 weeks ended 11 August 2018: 22.2%; 52 weeks ended 26 January 2019: 19.9%). The income tax credit on exceptional items at half year is calculated and disclosed separately. This has a significant impact on the total effective tax rate at the half year given the significant number of exceptional items.

The full year effective tax rate is higher than the UK corporation tax rate for the period of 19% due to higher overseas tax rates and the non-recognition of losses in overseas territories.

There will be a further reduction in the UK corporation tax rate to 17% from 1 April 2020.

Our future effective tax rate is expected to remain above the UK tax rate as a result of the proportion of overseas results in jurisdictions with higher tax rates than the UK.

## 8. Long-Term Incentive Plan

Share awards are made in the form of nil-cost options over the Ordinary shares in Ted Baker Plc under the Long-Term Incentive Plan 2013 ("LTIP 2013"), which was approved by the shareholders at the general meeting held on 20 June 2013. The options are exercisable three years after the date of grant subject to the satisfaction of profit before tax per share and share price performance targets, each measured over a three-year period. The profit before tax per share target is calibrated so that the percentage of awards that vests is linked to the level of profit growth achieved. A sixth award of options was granted under the LTIP 2013 on 16 April 2019.

The terms and conditions of the LTIP 2013 awards made during the 28 weeks ended 10 August 2019 are as follows:

| Grant date    | Type of award | Number of shares | Vesting conditions   | Vesting period               |
|---------------|---------------|------------------|--|------------------------------|
| 16 April 2019 | LTIP 2013     | 403,600          | Adjusted profit before tax per share growth of 10–15% per annum and 10% share price growth over the vesting period | Up to 100% after three years |



## 8. Long-Term Incentive Plan (continued)

The charge to the income statement for the 28 weeks ended 10 August 2019 for LTIP 2013 awards amounted to £nil (28 weeks ended 11 August 2018: credit of £229,248; 52 weeks ended 26 January 2019: credit of £229,248). Included in the charge for the period is an amount in respect of L D Page, who is employed by the Company, amounting to £nil (28 weeks ended 11 August 2018: amount in respect of R S Kelvin, who was the only employee of the Company at this date, was a credit of £37,371; 52 weeks ended 26 January 2019: amount in respect of R S Kelvin, who was the only employee of the Company at this date, was a credit of £37,371).

The Monte-Carlo valuation methodology has been used as the basis of measuring fair value of awards made under the LTIP 2013. The range of inputs into the Monte-Carlo model was as follows:

|  |                   |
|--|-------------------|
| Share price at grant   | 1,520.0p–2,757.0p |
| Share price at grant (based on three to six-month average) for share price performance condition | 1,752.0p–2,809.0p |
| Risk free interest rate  | 0.18%–0.87%       |
| Expected life of options   | 3 years           |
| Share price volatility   | 31.05%–38.71%     |
| Dividend yield   | 1.95%–3.86%       |

## 9. Reconciliation of cash and cash equivalents per balance sheet to the cash flow statement

|  | Unaudited<br>10 August<br>2019 | Unaudited<br>11 August<br>2018 | Audited<br>26 January<br>2019 |
|--|--------------------------------|--------------------------------|-------------------------------|
|  | £'000                          | £'000                          | £'000                         |
| Cash and cash equivalents per balance sheet                              | 11,689                         | 19,153                         | 14,654                        |
| Bank overdraft per balance sheet   | (108,138)                      | (102,366)                      | (91,496)                      |
|  | (96,449)                       | (83,213)                       | (76,842)                      |
| Cash and cash equivalents included in assets held for sale (see Note 13) | 1,723                          | -                              | -                             |
| Cash and cash equivalents per cash flow statement                        | (94,726)                       | (83,213)                       | (76,842)                      |

## 10. Intangible assets

Intangible asset additions during the period were £3.4m (11 August 2018: £4.9m; 26 January 2019: £14.9m) in relation to investment in business-wide systems to support the long-term development of the business.

## 11. Property, plant and equipment

Property, plant and equipment asset additions during the period were £13.8m (11 August 2018: £13.8m; 26 January 2019: £20.1m) primarily in relation to store refurbishments and openings.



## 12. Right-of-use assets

The Group has initially applied IFRS 16 at 27 January 2019, which requires the recognition of right-of-use assets for lease contracts that were previously classified as operating leases. The Group has applied IFRS 16 using the simplified modified retrospective transition approach, under which comparative information is not restated (see Note 1).

Right-of-use assets are recognised in relation to the Group's leases, representing the economic benefits of the Group's right to use the underlying leased assets. The Group's lease portfolio is principally comprised of property leases of stores, distribution centres and head offices.

The impairment review methodology described in the Group financial statements for the 52 weeks ended 26 January 2019 has been updated for the impact of IFRS 16. The Group has not identified any additional impairments arising from this.

|  | Right-of-use asset |
|--|--------------------|
|  | £'000              |
| <b>Cost</b>                                    |                    |
| At 26 January 2019                             | -                  |
| Restatement for IFRS 16                        | 186,923            |
| At 27 January 2019                             | 186,923            |
| Additions                                      | 7,366              |
| Disposals                                      | (193)              |
| Transfer to assets held for sale (see note 13) | (6,376)            |
| At 10 August 2019                              | <b>187,720</b>     |
| <b>Amortisation</b>                            |                    |
| At 26 January 2019                             | -                  |
| Charge for the period                          | 22,034             |
| Disposals                                      | (193)              |
| At 10 August 2019                              | <b>21,841</b>      |
| <b>Net book value</b>                          |                    |
| At 26 January 2019                             | -                  |
| At 10 August 2019                              | <b>165,879</b>     |



### 13. Assets and Liabilities held for sale

Assets and liabilities held for sale are those that are expected to be sold rather than held for continuing use in the Group. These have principally arisen as part of the Group's strategic review of its Asia operations.

On 10 April 2019, the Group announced that it had entered into an agreement with Shanghai LongShang Trading Company Ltd. ("LS") to create a Joint Venture ("JV") operating in China including Hong Kong S.A.R. and Macau S.A.R. Under the JV agreement, the Group will issue shares in the share capital of its wholly owned subsidiary Ted Baker Hong Kong Limited ("TBHK") to the JV Partner for a total subscription price of RMB50m (c.£5.7m), in return for a 50% interest in the shares in TBHK.

On 28 August 2019, the Group announced it had entered an agreement with Sojitz Infinity Inc. ("Infinity" or the "Licence Partner") to create an exclusive retail licence deal for Japan, initially for five years. As part of the appointment of Infinity as its Japanese Retail Licence Partner, the Group agreed to transfer certain existing assets relating to its Japanese business (which include existing non-current stock, fixed assets and leases) to Infinity at nil value to support the successful transition of the operations.

Assets and liabilities held for sale had not been sold at the balance sheet date but have been sold since this date. The Group's assets and liabilities held for sale are shown in the table below.

#### Assets held for sale

|                               | Book value           | Exceptional item<br>(see note 3) | Fair value           |
|-------------------------------|----------------------|----------------------------------|----------------------|
|                               | £'000                | £'000                            | £'000                |
| <b>Non-current assets</b>     |                      |                                  |                      |
| Property, plant and equipment | 1,010                | (1,010)                          | -                    |
| Right-of-use assets           | 6,376                | (6,376)                          | -                    |
| Deferred tax assets           | 100                  | (100)                            | -                    |
|                               | <u>7,486</u>         | <u>(7,486)</u>                   | <u>-</u>             |
| <b>Current assets</b>         |                      |                                  |                      |
| Inventories                   | 8,326                | -                                | 8,326                |
| Trade and other receivables   | 3,486                | -                                | 3,486                |
| Cash and cash equivalents     | 1,723                | -                                | 1,723                |
|                               | <u>13,535</u>        | <u>-</u>                         | <u>13,535</u>        |
| Unallocated                   | -                    | (3,530)                          | (3,530)              |
|                               | <u><b>21,021</b></u> | <u><b>(11,016)</b></u>           | <u><b>10,005</b></u> |

#### Liabilities held for sale

|                                | Book value            | Exceptional item<br>(see note 3) | Fair value            |
|--------------------------------|-----------------------|----------------------------------|-----------------------|
|                                | £'000                 | £'000                            | £'000                 |
| <b>Current liabilities</b>     |                       |                                  |                       |
| Trade and other payables       | (877)                 | -                                | (877)                 |
| <b>Non-current liabilities</b> |                       |                                  |                       |
| Lease liabilities              | (4,131)               | -                                | (4,131)               |
|                                | <u><b>(5,008)</b></u> | <u><b>-</b></u>                  | <u><b>(5,008)</b></u> |

In addition to the above difference between book value and fair value of the assets and liabilities held for sale, the Group has also incurred legal and other costs relating to the transaction of £808,000 resulting in a total exceptional item of £11,824,000 (see Note 3).



## 14. Financial instruments

The Group held certain financial instruments at fair value at 10 August 2019. The definitions and valuation techniques employed for these as at 10 August 2019 are consistent with those used at 26 January 2019 and disclosed in Note 22 on pages 112 to 118 of the Annual Report and Accounts for the 52 weeks ended 26 January 2019:

- 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).

Valuation of all financial assets and liabilities carried at fair value by the Group is based on hierarchy Level 2.

While the carrying values of assets and liabilities at fair value have changed since 26 January 2019, the Group does not consider the movements in value to be significant, and the categorisation of these assets and liabilities in accordance with the disclosure requirements of IFRS 7 has not materially changed.

Level 2 assets and liabilities are shown as:

|                                   | Unaudited<br>10 August<br>2019<br>£'000 | Unaudited<br>11 August<br>2018<br>£'000 | Audited<br>26 January<br>2019<br>£'000 |
|-----------------------------------|---|---|--|
| <b>Assets at fair value:</b>      |   |   |  |
| Currency derivatives              | 5,514                                   | 1,147                                   | 198                                    |
| Interest rate swap                | -                                       | 121                                     | 118                                    |
| <b>Liabilities at fair value:</b> |   |   |  |
| Currency derivatives              | (726)                                   | -                                       | (689)                                  |
| Interest rate swap                | (95)                                    | -                                       | -                                      |

## 15. Related parties

The Group considers its Executive and Non-Executive Directors as key management and therefore has a related party relationship with them.

Directors of the Company and their immediate relatives control 0.2% (11 August 2018: 35.1%) of the voting shares of the Company.

At 10 August 2019, the main trading company owed the parent company £35,750,000 (11 August 2018: £36,601,000). The main trading company was owed £173,266,000 (11 August 2018: £164,297,000) from other subsidiaries within the Group.

Transactions between subsidiaries and between the parent and subsidiaries were priced on an arm's length basis.

The Group has a 50% interest in the ordinary share capital of No Ordinary Retail Company Pty, a company incorporated in Australia. As at 10 August 2019, the joint venture owed £311,000 to the main trading company (11 August 2018: £482,000). The value of sales made to the joint venture by the Group in the period was £1,587,000 (11 August 2018: £1,308,000).



## 16. Principal risks and uncertainties

The principal risks and uncertainties affecting the Group were identified as part of the Group Strategic Report, set out on pages 20 to 24 of the Ted Baker Annual Report and Accounts for the 52 weeks ended 26 January 2019, a copy of which is available on the Group's investor relations website at [www.tedbakerplc.com](http://www.tedbakerplc.com).

The Group has established a structured approach to identify, assess and manage these risks and this is regularly monitored and updated by the Risk Committee. The following list highlights some of the principal risks, which are unchanged from the prior year end and remain relevant for the second half of the financial year:

### Strategic risks

- Brand and reputational risk as a result of our actions or those of our partners or supply chain plus unmanaged exposure through user-generated content platforms;
- Failure in the development of the Group's international business through franchise operations, licensees and e-commerce;
- Risk that our offer will not satisfy the needs of our customers or that we fail to correctly identify trends;
- Significant external events that may occur which may affect the global, economic and financial environment in which we operate.

### Operational risks

- Failure in our supply chain affecting our ability to deliver our offer to customers and/or partners;
- Outlook in the retail sector remains uncertain with increasing pressures on the Group's customers;
- Operational problems affecting the infrastructure of our business;
- Failure to operate in a sustainable and responsible manner;
- Cybersecurity or IT breach and unauthorised data access or loss;
- Poorly managed implementation or take-up of new systems, leading to business disruptions;
- Loss of key individuals;
- Non-compliance with applicable legislation and regulations;
- Unauthorised use of our designs, trademarks and other intellectual property rights; and
- Natural events and governmental policy changes may evolve from climate change effecting supply chain.

### Financial risks

- Currency, interest, credit and counterparty risks; and
- Fluctuations in foreign currency exchange rates.

### Brexit risks

- HM Government has stated that it is committed to withdrawing from the EU by no later than 31 October 2019. It remains unclear on what basis it proposes to do so. There may be operational inefficiencies and increased costs associated with a withdrawal without assured free trade;
- Economic and consumer uncertainty if the UK's withdrawal is on any basis that is not subject to a free trade agreement;
- Unpredictable VAT and customs duty regimes;
- Trade arrangements with third countries which rely on the UK's membership with the European Union;
- Supply chain delays could result from additional customs requirements without a free trade deal;



## **16. Principal risks and uncertainties (continued)**

### **Brexit risks (continued)**

- EU national employees may not have automatic residency;
- Increased fluctuations in foreign currencies;
- Increased complexity in regulatory and legal compliance surrounding the manufacture and sale of products; and
- Procurement and contractual arrangements such as delivery terms or price clauses could have an adverse commercial effect.

In preparation for Brexit the Group has:

- Conducted a mapping exercise within the business of risks arising from a so-called No Deal scenario;
- Specifically identified potential operational obstructions within the supply chain arising from the introduction of additional customs controls;
- Reviewed our e-commerce capabilities to ensure satisfaction of customer demand within the European Union continues as smoothly as possible; and
- Analysed exposure of our intellectual portfolio to identify potential exposure and bolstered our portfolio where necessary.



## Responsibility statement of the Directors in respect of the interim financial statements

The Directors confirm that to the best of their knowledge:

- the condensed financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the EU; and
- the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first 28 weeks of the financial year and their impact on the condensed financial statements, and a description of the principal risks and uncertainties for the remaining 24 weeks of the financial year; and
  - (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first 28 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Ted Baker Plc are listed on pages 34 and 35 of the Annual Report and Accounts as at, and for, the 52 weeks ended 26 January 2019. A list of current Directors is maintained on the Ted Baker Plc website, at: [www.tedbakerplc.com](http://www.tedbakerplc.com).

By order of the Board

**D Bernstein**  
Executive Chairman  
3 October 2019

**L D Page**  
Chief Executive Officer  
3 October 2019

## Cautionary statement regarding forward-looking statements

This announcement contains certain forward-looking statements. These forward-looking statements include matters that are not historical facts or are statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates. Forward-looking statements are based on the information available to the Directors at the time of preparation of this announcement, and will not be updated during the year. The Directors can give no assurance that these expectations will prove to have been correct. Due to inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements.



## **INDEPENDENT REVIEW REPORT TO TED BAKER PLC**

### **Conclusion**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 28 weeks ended 10 August 2019 which comprises the Condensed Group Income Statement, the Condensed Group Statement of Comprehensive Income, the Condensed Group Statement of Changes in Equity, the Condensed Group Balance Sheet, the Condensed Group Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 28 weeks ended 10 August 2019 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **The impact of uncertainties due to the UK exiting the European Union on our review**

Uncertainties related to the effects of Brexit are relevant to understanding our review of the condensed financial statements. Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. An interim review cannot be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### **Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

### **Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 company for our review work, for this report, or for the conclusions we have reached.

**Lourens de Villiers**  
**for and on behalf of KPMG LLP**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

**3 October 2019**