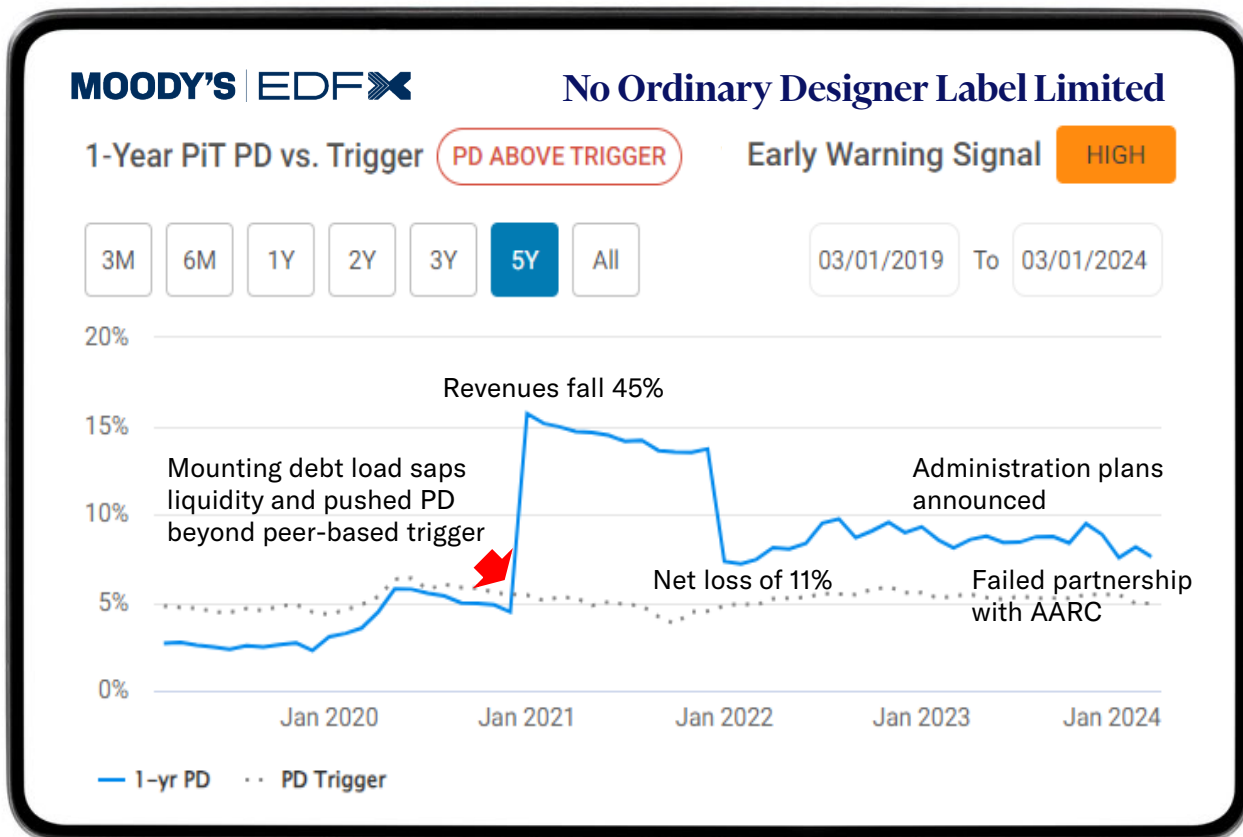


A shrinking customer base and fledgling retail operation sparked administration proceedings for the holding company that oversees Ted Baker's European operations



Analysis

On March 19, 2024, plans were announced to place No Ordinary Designer Label Limited into administration, following several years of deteriorating financial performance. The holding company, which sells the Ted Baker brand in the U.K. and Europe under a licensing agreement with U.S. based Authentic Brands Group, struggled in the post-pandemic retail landscape. The EDF-X Early Warning System flagged No Ordinary Designer Label as a severe credit risk in January 2021, more than three years before default.

No Ordinary Designer Label's balance sheet deteriorated in recent years. The firm took on significant debt obligations as its asset base declined, with multiple performance ratios worsening as a result. Liquidity, measured as current assets relative to current liabilities, fell below one in 2021, its lowest level in a decade. Balance sheet pressures were compounded by a struggling business; sales fell 45% in the wake of the COVID-19 pandemic as consumers shifted away traditional office wear market the Ted Baker brand catered to. While revenues partially rebounded in 2022, No Ordinary Designer Label failed to post a profit, instead experiencing an 11% loss. Struggling on its own, the Ted Baker corporate family, including No Ordinary Designer Label, was acquired by Authentic Brands Group in October 2022.

Ultimately, a failed relationship with Dutch firm AARC, which managed No Ordinary Designer Label's e-commerce and European based locations, tipped the scales towards bankruptcy. The partnership left No Ordinary Designer Label behind on several obligations, leading to a break with AARC in January 2024. Unable to find a new party to manage their European retail operations, No Ordinary Design Label started the process towards administration.

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