12 October 2021

FRENCH CONNECTION GROUP PLC

Interim Results for the six-month period ending 31 July 2021

"Group recovers from impact of COVID-19 Pandemic"

French Connection Group PLC ("French Connection", the "Company" or the "Group") today announces results for the six-month period ending 31 July 2021.

In accordance with statutory requirements, the financial statements in this document present the results for the current six-month period ending 31 July 2021, the prior six-month period ending 31 July 2020 and the end of the immediately preceding financial year ending 31 January 2021.

The comparisons, however, are presented relative to two years ago (six months ended 31 July 2019) where the one-year comparisons (six months ended 31 July 2020) are generally not reflective of typical trading performance due to disruption from COVID-19.

Highlights:

- Group revenue of £40.2m (2019: £51.0m), down 21.2%, due to the reduced Retail portfolio and temporary COVID-19 store closures, offset by increased Wholesale and E-commerce contribution

- Underlying loss of £(0.9)m compared to £(3.6)m in 2019, driven by continued closure of non-contributing stores, bounce back of Wholesale volumes and tight focus on overheads

- Composite gross margin of 31.6% (2019: 42.7%) due to mix shift towards lower margin Wholesale channel and the level of fixed product development and logistic costs on the lower overall volumes

- Overheads reduced to £15.2m (2019: £27.3m) due to permanent and temporary store closures, restructuring initiatives, a tight focus on all costs as well as some COVID-19 relief

- Permanent closure of 3 non-contributing locations during the first half

- Terms and conditions agreed of a recommended acquisition of the Company

- Closing net funds of £1.0m (2019: £10.0m)

Commenting on the results, Stephen Marks, Chairman and Chief Executive said:

"I am pleased that the improvement in business we saw in the early part of the period has continued throughout the first half of the financial year. Wholesale in both the UK and the US has performed well, with a good outcome to the Summer season.

Over the last 5 years, French Connection has made significant progress in its plans to rationalise the size of its store portfolio and to return the Group to profitability.

The Board has concluded that the offer being made by MIP Holdings Ltd is fair and reasonable and recommends that all shareholders accept.

Following completion of the transaction, I will retire from French Connection. This is an appropriate time for me to step back from the business that I founded in 1972, and I would like to take this opportunity to thank all our people for their contribution to our achievements over the years. I wish them all every success in the future."

Summary of key financial and non-financial performance indicators

	Six months 31 July 2021	Six months 31 July 2019	2 year variance	Six months 31 July 2020	1 year variance
	£m	£m	%	£m	%
Revenue					
Retail	**11.4**	23.8	**-52.1%**	10.1	**+12.9%**
Wholesale	**28.8**	27.2	**+5.9%**	13.8	**+108.7%**
Group revenue	**40.2**	51.0	**-21.2%**	23.9	**+68.2%**
Gross margin					
Retail	**44.7%**	52.5%	**-7.8%**	18.8%	**+25.9%**
Wholesale	**26.4%**	34.2%	**-7.8%**	12.3%	**+14.1%**
Group gross margin	**31.6%**	42.7%	**-11.1%**	15.1%	**+16.5%**
Group operating expenses	**(15.2)**	(27.3)	**+44.3%**	(16.7)	**+9.0%**
Underlying operating (loss)/profit					
Retail	**(2.5)**	(5.2)	**+51.9%**	(7.5)	**+66.7%**
Wholesale	**4.5**	4.8	**-6.3%**	(1.3)	**+446.2%**
Licence income	**2.4**	2.7	**-11.1%**	1.5	**+60.0%**
Common and Group overheads	**(4.5)**	(5.1)	**+11.8%**	(4.3)	**-4.7%**
Finance expense	**(0.8)**	(0.8)	**-**	(0.6)	**-33.3%**
Underlying Group operating loss	**(0.9)**	(3.6)	**+75.0%**	(12.2)	**+92.6%**
Net funds	**1.0**	10.0	**-90.0%**	5.2	**-80.8%**
Average UK/Europe Retail Space (sq.ft. 000s)	**104.7**	151.0	**-30.7%**	116.7	**-10.3%**
Average Group Retail Space (sq.ft. '000s)	**104.7**	161.3	**-35.1%**	124.3	**-15.8%**
Number of stores/concessions:					
- Operated	**64**	90	**-28.9%**	72	**-11.1%**
- Franchised, Licensed & JV	**164**	185	**-11.4%**	162	**+1.2%**

Notes:

1. Underlying results exclude adjusting items and discontinued operations.
2. Comparatives have been included for the six months ended 31 July 2019 and 31 July 2020. The July 2019 numbers are not impacted by COVID-19.

The Directors believe these measures are best reflective of how the business is managed and are informative to shareholders in understanding the performance of the business.

A copy of this release will also be available on the 'Recommended Offer for French Connection plc' microsite at *https://www.frenchconnection.com/content/investor-relations/recommended-offer-for-french-connection-plc/index.htm*

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CHAIRMAN'S STATEMENT

I am pleased to report that the improvement in business we saw in the early part of the period has continued throughout the first half of the financial year. Wholesale in both the UK and the US has performed well, with a good outcome to the Summer season coupled with encouraging order books for the Winter collections. We achieved a stronger trading performance following the re-opening of stores in Q2 2021 compared to the post-lockdown periods of 2020 and have additionally seen the benefit of the closure of several non-contributing stores over the last 18 months. We took a significantly less promotional stance through the Summer season in stores and through E-commerce, resulting in increased full price revenue. Consequently, margins improved, however revenue growth was restricted to some extent. Licence income has generally returned to growth following the COVID-19 period, with a particularly strong performance from DFS.

Revenue for the period was £40.2m (2019: £51.0m) with the reduction reflecting the weeks of store closures at the start of the period and the permanently closed locations. Wholesale revenue has bounced back to above the levels seen in 2019. Overall margin at 31.6% (2019: 42.7%) was lower due to the movement in the revenue mix away from Retail to Wholesale, the level of fixed logistics and development expenses, offset by reduced discounting of the Summer product. Particularly, following the restructuring exercise undertaken last year but also with tight control over ongoing expenses, these costs have been considerably reduced. Overall this has resulted in an improvement in the performance of the business reflected in a loss for the period of £(0.9)m (2019: £(3.6)m).

The net funds position of £1.0m is slightly ahead of our expectations following a period of tight cash control. The seasonality of our cash profile means that July tends to be one of our strongest cash months prior to the commitment of working capital to our Autumn/Winter collections and, accordingly, we are grateful that our liquidity continues to be supported by credit facilities of circa £20m which are available to fund our larger working capital requirements during the second half of the year.

Wholesale
Overall revenue grew to £28.8m for the period (2019: £27.2m). Performance improved across all ranges with good sell throughs achieved, particularly in the US. Underlying margins were maintained but the impact of the increased fixed cost allocation of development and logistics costs, due to the contraction of the Retail business, reduced the reported margin to 26.4% (2019: 34.2%). Expenses were reduced across all areas to £3.1m (2019: £4.5m) and overall the division made a contribution of £4.5m (2019: £4.8m).

Retail
Revenue for the period was £11.4m (2019: £23.8m), reflecting the store closures for 11 weeks due to COVID-19 restrictions and the significant reduction in the store portfolio since 2019. Within this, E-commerce revenue grew to £5.8m from £5.3m, with growth achieved in both the UK and US despite reduced levels of promotion, reflecting the strong sell through of the Summer product at full price. Like-for-like sales were down 11.9% on 2019, which is a better performance than when we reopened in 2020. Gross margin was 44.7% (2019: 52.5%) with an improvement in E-commerce offset by a higher mix of outlet sales given the current makeup of the Retail store portfolio and added clearance in the sale of the prior season's stock built up during the COVID-19 period. Expenses were reduced to £7.6m (2019: £17.7m) predominantly reflecting the closure of stores but also the restructuring of staff levels within the stores undertaken last year, as well as the continued business rates relief. This was offset to some extent by additional investment in the E-commerce channel to assist with the development of that business which is reflected in the increase in revenue through that channel. Overall the division made a loss of £(2.5)m (2019: £(5.2)m).

Licensing
License income was £2.4m in the period (2019: £2.7m). DFS continued to perform very strongly both on the existing ranges and having added a further set. Our US homeware license also traded well. These are offset by a drop in income from our formalwear license and from our partner in India.

Operating expenses
Group operating expenses dropped by 44.3%, reflecting predominantly the store closures and restructuring initiatives discussed above. In addition, good progress has been made in achieving savings across all expense categories.

CHAIRMAN'S STATEMENT (continued)

Other items

There are no adjusting items in the current period however in 2019 we incurred adjusting items of £1.0m. This was made up of store closure costs, the reorganisation of some of our overseas franchise relationships and the cost of a small Head Office restructuring.

There still, however, remains a risk of disruption to trading due to any future COVID-19 restrictions, particularly through the winter months, together with other macro-economic factors including the current constraints in the global supply chain and the impact on the availability of merchandise at the correct time.

Following the commencement of a formal sale process under the Takeover Code announced on 2 March 2021, we announced on 4 October 2021 the terms of a formal offer to be made by MIP Holdings Ltd for the Company at 30p per share to be effected by way of a scheme of arrangement under Part 26 of the Companies Act 2006. The terms and conditions of this offer are set out in more detail in the scheme document which was published on 9 October 2021. This offer is being recommended by the Board and is supported by irrevocable undertakings to vote in favour of the scheme from shareholders representing, in aggregate, 43.6% of the issued share capital of the Company. I and my fellow Directors strongly recommend that shareholders read the scheme document on www.frenchconnection.com/content/investor-relations/recommended-offer-for-french-connection-plc/index.htm and vote in favour of the scheme at the upcoming shareholder meetings to approve the transaction.

Stephen Marks
Chairman and Chief Executive
12 October 2021

Notes:
1. Underlying results excludes adjusting items and discontinued operations.
2. Comparative numbers are for the six-month period ending 31 July 2019 as these numbers exclude any COVID-19 impact.

The Directors believe these measures are best reflective of how the business is managed and are informative to shareholders in understanding the performance of the business.

FINANCIAL REVIEW

Financial results overview
The half-year results cover the six-month period to 31 July 2021. This period continued to be significantly impacted by COVID-19 and lockdown restrictions imposed in both the UK and our global territories, with Retail stores only fully re-opening from the middle of April 2021. Full details of the operational impact of COVID-19 on the business are highlighted in Note 8 in these half-year statements.

The first half generated a significantly improved underlying operating performance reflected in a loss of £(0.9)m (2020: £(12.2)m and 2019: £(3.6)m). The underlying result for the current period includes no adjusting items (2020 and 2019: £1.0m relating to store disposal and refinancing costs). Total operating loss for the six months to July 2021 was £(0.9)m (2020: £(13.2)m and 2019: £(4.7)m).

On 24 July 2020, the Group secured a two-year £15 million asset based working capital facility with Hilco Capital. Furthermore, in December 2020, our US business secured additional funding of $6.5m (the "US loan") through the Government sponsored Main Street Lending Programme. The US loan, through Flushing Bank, Uniondale is for a period of five years with repayments commencing from the end of the third year. The Group believes that these combined working capital facilities are sufficient to cover the Company's foreseeable future cash requirements.

Revenue overview
Total H1 2021 revenue of £40.2m was 21.2% lower than the 2019 comparative period (2019: £51.0m). Wholesale revenue improved to slightly above pre-pandemic volumes of £28.8m (2019: £27.2m) as the business benefitted from UK customers with strong E-commerce propositions and a growing US departmental store client base. Retail revenue fell by 52.1% to £11.4m (2019: £23.8m) reflecting the significant reduction in the store portfolio since 2019. However, total E-commerce sales volumes continued to grow and constitute 50.9% (2019: 22.3%) of total Retail sales.

Gross margin
Composite gross margin of 31.6% was lower than the comparative 2019 period (42.7%) reflecting a mix shift towards the lower margin Wholesale channel following the closure of a significant number of Retail outlets.

Wholesale
Wholesale revenue increased to slightly above pre-pandemic volumes with total sales of £28.8m (2019: £27.2m), an improvement of 5.9% (8.9% at constant currency). Geographic revenues have significantly increased in UK/Europe to £18.4m (2019: £15.1m), while North America has remained broadly flat at £9.9m (2019: £10.9m) and Rest of World volumes decreasing to £0.5m (2019: £1.2m).

Group Wholesale margin has recovered in the period to 26.4% (2019: 34.2%) although margins remain softened by off-price clearance of older seasons product and a higher allocation of the fixed overhead base as the Retail portfolio declines. Underlying Wholesale performance in the first half returned to profitability of £4.5m (2019: £4.8m).

Retail
Group Retail revenue of £11.4m was 52.1% (51.7% at constant currency) lower than the 2019 comparative period (2019: £23.8m) driven by the reduction in the Retail store portfolio. Three non-contributing stores were closed during the last six months. Over the past 24 months we have closed 26 non-contributing stores and concessions. We continue to review each store depending upon circumstances and opportunities available to us.

Retail gross margins of 44.7% (2019: 52.5%) reflect the higher mix of outlet product sales and increased clearance sales of unsold stock during lockdown periods.

E-commerce revenue as a proportion of Group Retail revenue has increased to 50.9% (2019: 22.3%). Mobile comprises 71.6% of E-commerce traffic (2019: 63.7%) and 59.8% of transactions (2019: 48.1%) as we continue to focus on and develop our CRM capability and targeted social media advertising.

Underlying Retail loss in the six months improved to £(2.5)m (2019: £(5.2)m) reflecting the significant reduction in the Retail store portfolio over the last two years. The current period result has been supported by a reduction in the Retail cost base arising from Government initiatives, including employment furlough schemes and business rates holidays. We have continued throughout the current period to be in active discussions with landlords regarding rent discounts together with an extension of existing payment terms.

FINANCIAL REVIEW (continued)

Geographical analysis
The geographical revenue analysis highlights the UK/Europe proportion of sales remaining constant at 72.2% (2019: 72.5%), North American share of global revenue increasing to 26.6% (2019: 25.1%) and Rest of World revenue decreasing to 1.2% (2019: 2.4%).

The half-year has seen an improvement in profitability in the geographic regions: UK/Europe returning to profitability of £1.0m (2019: loss of £(1.5)m), North America similarly generating a profit of £1.8m (2019: £1.4m) and the Rest of World contributing a loss of £(0.4)m (2019: £(0.4)m).

Licensing income
Licensing income of £2.4m generated during the first half remained broadly constant (2019: £2.7m). DFS orders continue to grow year-on-year and new footwear and childrenswear licensees have been launched in the US. However, these are offset slightly by a drop in income from our formalwear license and our Indian partner.

Operating expenses
Underlying Group operating expenses of £15.2m were 44.3% lower than the comparative 2019 year (2019: £27.3m), reflecting the year-on-year impact of store closures, targeted cost savings from restructuring initiatives and Government support from furlough schemes and business rates holidays. We continue to focus on cost control and efficiency savings through H2. Total Group operating expenses, including adjusting items and discontinued operations, were £15.2m (2019: £28.3m).

Adjusting items
There were no adjusting items in the current period. Adjusting items of £1.0m were recognised in 2020 and 2019 relating to store disposal and dilapidation costs and refinancing costs in relation to securing the working capital facility.

Balance sheet
The Group balance sheet at 31 July 2021 includes net assets of £8.4m (2019: £33.4m).

Closing net funds of £1.0m (2019: £10.0m) are inclusive of recently secured drawdown working capital facilities of £7.7m (2019: £Nil) offset by cash of £8.7m (2019: £10.0m).

Inventories reduced by 24.1% to £24.9m (2019: £32.8m) reflecting a reduced Retail portfolio, offset by an increased Winter season buy to service the growing UK and US Wholesale order books. Trade and other payables have increased by 7.6% to £28.4m (2019: £26.4m) relating to the increased Winter inventory. Trade and other receivables of £18.9m have increased in the last twelve months as wholesale volumes return to pre-pandemic levels although remain lower than 2019 comparatives (£21.5m).

The right of use non-current asset, relating to the value-in-use of future lease rentals has reduced to £9.1m (2019: £23.0m), reflective of a contracting store portfolio and prior year impairments relating to the impact of COVID-19 on Retail profitability. The increase from January ’21 year-end position of £6.6m relates to an extension of a warehouse lease.

Cash flow
Combined UK and US working capital facilities of circa £20m were secured in the second half of the prior financial year to support the Group’s foreseeable future cash requirements. The maximum facility utilised in the six months to 31 July 2021 was £9.4m and the maximum borrowing position forecast over the next 12 months is £12.5m.

Cash inflows of £6.4m (2019: £1.1m) were generated from operating activities in the six-month period; the increase being a combination of improved trading results and additional working capital invested in increased period-end trade debtors as a result of growing Wholesale sales volumes.

Cash outflows from investing activities of £0.4m (2019: £1.5m) included store closure costs of £0.2m (2019: £0.6m) relating to the closure of three stores in the first half. We continue to target the closure of non-contributing stores and expect more to close in the second half.

Cash outflows from financing activities of £2.5m (2019: £5.8m) are inclusive of additional working capital facility loans drawdown in the period of £1.2m (2019: £Nil) utilised to finance lease liability rental and interest payments of £3.4m (2019: £5.8m) and debt interest and refinancing costs of £0.3m (2019: £Nil).

FINANCIAL REVIEW (continued)

Taxation
The tax charge for the half was £Nil (2019: £Nil). Deferred tax assets of £4.5m (2019: £4.3m) on the balance sheet relate to unused tax trading losses which can be utilised when the Group returns to profitability.

Dividends
The Board of Directors remain of the view that the business is best served by retaining current cash reserves to support the turnaround of the business and therefore do not recommend the payment of an interim dividend. Depending on the outcome of the offer from MIP Holdings Ltd to acquire the Company, the Board intend to keep the shareholder distribution policy under close review during the year.

COVID-19
The half-year results continued to be impacted by COVID-19 and the lockdown restrictions imposed during this period, particularly in the UK. Further details are presented in Note 8.

Going concern
Given the Group and parent Company's new liquidity, together with the actions being taken to optimise sales, tightly manage costs and preserve cash, the Board is confident that the Group and parent Company are well positioned to navigate an extended period of uncertain consumer demand which will cover at least 12 months from the date of approval of these interim results. The Board has therefore concluded that it is appropriate to prepare the interim accounts on a going concern basis.

The Group has a debt facility from Hilco which expires in January 2022 with an option to extend the facility to July 2022 at the Company's sole discretion. Furthermore, Hilco has offered the Company an option to extend this facility further to July 2024. Given the announcement on 4 October 2021 by MIP Holdings Ltd, a company owned and controlled by, among others, Apinder Singh Ghura (the second largest shareholder in French Connection with a holding representing approximately 25.4% of the issued share capital of the Company), of an intention to make an offer for the Company at 30p per share, and the subsequent publication of the scheme document setting out the full terms and conditions of that offer and given that MIP Holdings Ltd has secured irrevocable commitments in support of its offer from shareholders holding in aggregate 43.6% of the issued share capital of the Company which, together with the shares already owned by Apinder Singh Ghura, amount in total to approximately 69% of the issued share capital of the Company, the Company has elected to defer exercising the option offered by Hilco, pending the outcome of the offer. Hilco have confirmed that the offer of the option remains in place at the date of this announcement and that it is not their intention to withdraw the offer of the option until such time that control of the business might pass to the Bidder and include the forthcoming renewal of the UK credit facility in July 2022.

The Board believes that the combined secured circa £20 million UK and US asset based working capital facilities are expected to be sufficient to cover the Company's foreseeable future cash requirements.

The Board is also of the opinion that the outcome of the current offer for the Company by MIP Holdings Ltd is likely to see the current financing arrangements amended with alternative funding arrangements put in place, but is unlikely to affect the going concern basis of these financial statements.

Principal risks and uncertainties
The principal risks and uncertainties were outlined in the Director's Report within the 2021 Annual Report and remain unchanged. These are described in Note 1 to these financial statements.

Related party transactions
There have been no additional related party transactions to those disclosed in the Group's Annual Report and Accounts for the year ended 31 January 2021.

FINANCIAL REVIEW (continued)

Financial Reporting Council Investigation

It was announced on 6 October 2021 that the Financial Reporting Council (FRC) has commenced an investigation into the audit procedures undertaken by Mazars LLP in Mazars' audit of the Group financial statements for the year ended 31 January 2020. As was noted in the Audit Committee Report in French Connection's Annual Report 2021, the FRC's Audit Quality Review team's assessment of Mazars' audit of the FY2020 accounts highlighted that a number of improvements in the auditing process were required by Mazars. There was no indication however that the findings of the audit were incorrect. The subsequent FY2021 audit has also now been completed satisfactorily. Following subsequent discussions with Mazars, the Audit Committee was satisfied that the changes recommended by the FRC were fully implemented during the FY2021 audit.

By order of the Board

Lee Williams
Chief Financial Officer
12 October 2021

Notes:
1. Underlying results excludes adjusting items and discontinued operations.
2. Constant Currency is calculated translating the half-year ending 31 July 2021 at 31 July 2019 rates to remove the impact of exchange rate fluctuations.

The Directors believe these measures are best reflective of how the business is managed and are informative to shareholders in understanding the performance of the business.

In order to assist users of the accounts, we have additionally presented the Income Statement, Balance Sheet and Cash Flow for the preceding six-month period ended 31 July 2019.

INCOME STATEMENT	31 July 2021 £m	31 July 2020 £m	31 July 2019 £m
Revenue	**40.2**	23.9	51.0
Cost of sales	**(27.5)**	(20.3)	(29.2)
Gross profit	**12.7**	3.6	21.8
Operating expenses	**(15.2)**	(16.7)	(27.3)
Other operating income	**2.4**	1.5	2.7
Finance expense	**(0.8)**	(0.6)	(0.8)
Underlying loss before taxation	**(0.9)**	(12.2)	(3.6)
Taxation	**-**	-	-
Underlying loss for the period	**(0.9)**	(12.2)	(3.6)

SEGMENT REVENUE AND RESULTS	31 July 2021 £m	31 July 2020 £m	31 July 2019 £m
Revenue			
Retail	**11.4**	10.1	23.8
Wholesale	**28.8**	13.8	27.2
Group revenue	**40.2**	23.9	51.0
Gross profit	**12.7**	3.6	21.8
Retail	**44.7%**	18.8%	52.5%
Wholesale	**26.4%**	12.3%	34.2%
Group gross margin	**31.6%**	15.1%	42.7%
Underlying operating (loss)/profit			
Retail	**(2.5)**	(7.5)	(5.2)
Wholesale	**4.5**	(1.3)	4.8
Licence income	**2.4**	1.5	2.7
Common and Group overheads	**(4.5)**	(4.3)	(5.1)
Finance expense	**(0.8)**	(0.6)	(0.8)
Underlying Group operating loss	**(0.9)**	(12.2)	(3.6)
Underlying operating margin			
Retail	**(21.9)%**	(74.3)%	(21.8)%
Wholesale	**15.6%**	(9.4)%	17.6%
Underlying Group operating margin	**(2.2)%**	(51.0)%	(7.1)%

BALANCE SHEET	31 July 2021 £m	31 July 2020 £m	31 July 2019 £m
Assets			
Non-current assets			
Intangible assets	**0.2**	0.2	0.2
Property, plant and equipment	**0.7**	1.6	2.6
Right-of-use asset	**9.1**	14.4	23.0
Investments in joint ventures	**-**	-	1.7
Deferred tax assets	**4.5**	4.5	4.3
Total non-current assets	**14.5**	20.7	31.8
Current assets			
Inventories	**24.9**	26.0	32.8
Trade and other receivables	**18.9**	15.3	21.5
Cash and cash equivalents	**8.7**	5.2	10.0
Total current assets	**52.5**	46.5	64.3
Total assets	**67.0**	67.2	96.1
Non-current liabilities			
Loans and borrowings	**4.7**	-	-
Lease liabilities	**15.6**	17.7	25.4
Provisions	**0.6**	0.2	-
Total non-current liabilities	**20.9**	17.9	25.4
Current liabilities			
Loans and borrowings	**3.0**	-	-
Trade and other payables	**28.4**	25.3	26.4
Lease liabilities	**5.6**	7.1	10.7
Provisions	**0.7**	0.7	0.2
Total current liabilities	**37.7**	33.1	37.3
Total liabilities	**58.6**	51.0	62.7
Net assets	**8.4**	16.2	33.4

CASH FLOW	31 July 2021 £m	31 July 2020 £m	31 July 2019 £m
Operating activities			
Loss for the period	**(0.9)**	(13.2)	(4.7)
Adjustments for:			
Depreciation of property, plant and equipment	**0.5**	0.6	0.6
Depreciation of right-of-use asset	**1.2**	3.2	3.3
Share of loss of joint ventures	**-**	-	0.1
Finance expense	**0.8**	0.6	0.8
Adjusting items	**-**	1.0	1.0
Operating cash flows before changes in working capital and provisions	**1.6**	(7.8)	1.1
(Increase)/decrease in inventories	**(1.3)**	0.8	(4.0)
(Increase)/decrease in trade and other receivables	**(1.0)**	4.3	0.8
Increase in trade and other payables	**7.1**	6.4	3.3
Cash flows from operations	**6.4**	3.7	1.2
Income tax paid	**-**	-	(0.1)
Cash flows from operating activities	**6.4**	3.7	1.1
Investing activities			
Acquisition of property, plant and equipment	**(0.2)**	(0.2)	(0.6)
Net costs from store and head office restructuring	**(0.2)**	(0.4)	(0.9)
Cash flows from investing activities	**(0.4)**	(0.6)	(1.5)
Financing activities			
Proceeds from working capital facilities and loans	**1.2**	-	-
Payment of lease liabilities	**(2.9)**	(5.0)	(5.0)
Interest paid on lease liabilities	**(0.5)**	(0.6)	(0.8)
Interest paid on loans	**(0.3)**	-	-
Refinancing costs	**-**	(0.5)	-
Cash flows from financing activities	**(2.5)**	(6.1)	(5.8)
Net increase/(decrease) in cash and cash equivalents	**3.5**	(3.0)	(6.2)
Cash and cash equivalents at 1 February	**5.2**	8.1	16.2
Exchange rate fluctuations on cash held	**-**	0.1	-
Cash and cash equivalents at period end	**8.7**	5.2	10.0

Cash and cash equivalents	**8.7**	5.2	10.0
Bank loans	**(7.7)**	-	-
Net cash and borrowings at period end	**1.0**	5.2	10.0

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*;

- the interim management report includes a fair review of the information required by:

  (a) DTR rule 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR rule 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months 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.

By order of the Board

Neil Williams
Chief Operating Officer
12 October 2021

Lee Williams
Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months 31 July 2021			Six months 31 July 2020			Year ended 31 Jan 2021		
		Before adjusting items	Adjusting items*	Total	Before adjusting items	Adjusting items*	Total	Before adjusting items	Adjusting items*	Total
	Note	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	2	**40.2**	**-**	**40.2**	23.9	-	23.9	71.5	-	71.5
Cost of sales		**(27.5)**	**-**	**(27.5)**	(20.3)	-	(20.3)	(53.1)	-	(53.1)
Gross profit	2	**12.7**	**-**	**12.7**	3.6	-	3.6	18.4	-	18.4
Operating expenses		**(15.2)**	**-**	**(15.2)**	(16.7)	(1.0)	(17.7)	(32.7)	(8.0)	(40.7)
Other operating income	4	**2.4**	**-**	**2.4**	1.5	-	1.5	3.9	-	3.9
Finance expense		**(0.8)**	**-**	**(0.8)**	(0.6)	-	(0.6)	(1.3)	-	(1.3)
Loss before taxation	3	**(0.9)**	**-**	**(0.9)**	(12.2)	(1.0)	(13.2)	(11.7)	(8.0)	(19.7)
Taxation		**-**	**-**	**-**	-	-	-	-	-	-
Loss for the period		**(0.9)**	**-**	**(0.9)**	(12.2)	(1.0)	(13.2)	(11.7)	(8.0)	(19.7)

* Adjusting items (Note 3).

The Group’s results were entirely from continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Note	Six months 31 July 2021 £m	Six months 31 July 2020 £m	Year ended 31 Jan 2021 £m
Loss for the period		**(0.9)**	(13.2)	(19.7)
Other comprehensive income				
Currency translation differences for overseas operations		**(0.1)**	-	(0.3)
Currency translation differences on foreign currency loans, net of tax		**(0.1)**	0.3	0.4
Other comprehensive income for the period, net of tax		**(0.2)**	0.3	0.1
Total comprehensive income for the period		**(1.1)**	(12.9)	(19.6)
Loss attributable to:				
Equity holders of the Company	5	**(0.9)**	(13.1)	(19.7)
Non-controlling interests		**-**	(0.1)	-
Loss for the period		**(0.9)**	(13.2)	(19.7)
Total comprehensive income attributable to:				
Equity holders of the Company		**(1.1)**	(12.8)	(19.6)
Non-controlling interests		**-**	(0.1)	-
Total income and expense recognised for the period		**(1.1)**	(12.9)	(19.6)
Losses per share				
Basic and diluted losses per share	5	**(0.9)p**	(13.6)p	(20.4)p

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 July 2021 £m	31 July 2020 £m	31 Jan 2021 £m
Assets				
Non-current assets				
Intangible assets		**0.2**	0.2	0.2
Property, plant and equipment		**0.7**	1.6	1.0
Right-of-use asset		**9.1**	14.4	6.6
Deferred tax assets		**4.5**	4.5	4.5
Total non-current assets		**14.5**	20.7	12.3
Current assets				
Inventories		**24.9**	26.0	23.7
Trade and other receivables		**18.9**	15.3	17.9
Cash and cash equivalents	6	**8.7**	5.2	5.2
Total current assets		**52.5**	46.5	46.8
Total assets		**67.0**	67.2	59.1
Non-current liabilities				
Loans and borrowings	6	**4.7**	-	6.5
Lease liabilities	6	**15.6**	17.7	15.0
Provisions	7	**0.6**	0.2	0.7
Total non-current liabilities		**20.9**	17.9	22.2
Current liabilities				
Loans and borrowings	6	**3.0**	-	-
Trade and other payables		**28.4**	25.3	21.5
Lease liabilities	6	**5.6**	7.1	5.1
Provisions	7	**0.7**	0.7	0.8
Total current liabilities		**37.7**	33.1	27.4
Total liabilities		**58.6**	51.0	49.6
Net assets		**8.4**	16.2	9.5
Equity				
Called-up share capital		**1.0**	1.0	1.0
Share premium account		**9.8**	9.8	9.8
Translation reserve		**6.3**	6.7	6.5
Retained deficit		**(8.8)**	(1.3)	(7.9)
Total equity attributable to equity holders of the Company		**8.3**	16.2	9.4
Non-controlling interests		**0.1**	-	0.1
Total equity		**8.4**	16.2	9.5

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months 31 July 2021	Share capital £m	Share premium £m	Translation reserve £m	Retained (deficit)/ earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 31 January 2021	**1.0**	**9.8**	**6.5**	**(7.9)**	**9.4**	**0.1**	**9.5**
Loss for the period ended 31 July 2021				**(0.9)**	**(0.9)**	-	**(0.9)**
Other comprehensive income							
Currency translation differences for overseas operations			(0.1)		**(0.1)**		**(0.1)**
Currency translation differences on foreign currency loans, net of tax			(0.1)		**(0.1)**		**(0.1)**
Balance at 31 July 2021	**1.0**	**9.8**	**6.3**	**(8.8)**	**8.3**	**0.1**	**8.4**

Six months 31 July 2020	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings/ (deficit) £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 31 January 2020	**1.0**	**9.8**	**6.4**	**11.8**	**29.0**	**0.1**	**29.1**
Loss for the period ended 31 July 2020				**(13.1)**	**(13.1)**	(0.1)	**(13.2)**
Other comprehensive income							
Currency translation differences for overseas operations			-		**-**		**-**
Currency translation differences on foreign currency loans, net of tax			0.3		**0.3**		**0.3**
Balance at 31 July 2020	**1.0**	**9.8**	**6.7**	**(1.3)**	**16.2**	**-**	**16.2**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months 31 July 2021 £m	Six months 31 July 2020 £m	Year ended 31 Jan 2021 £m
Operating activities				
Loss for the period		**(0.9)**	(13.2)	(19.7)
Adjustments for:				
Depreciation of property, plant and equipment		**0.5**	0.6	1.0
Depreciation of right-of-use asset		**1.2**	3.2	5.5
Rent concessions		**-**	-	(1.1)
Finance expense		**0.8**	0.6	1.3
Adjusting items	3	**-**	1.0	8.0
Operating cash flows before changes in working capital and provisions		**1.6**	(7.8)	(5.0)
(Increase)/decrease in inventories		**(1.3)**	0.8	2.8
(Increase)/decrease in trade and other receivables		**(1.0)**	4.3	1.1
Increase/(decrease) in trade and other payables		**7.1**	6.4	(1.1)
Cash flows from operations		**6.4**	3.7	(2.2)
Income tax paid		**-**	-	-
Cash flows from operating activities		**6.4**	3.7	(2.2)
Investing activities				
Acquisition of property, plant and equipment		**(0.2)**	(0.2)	(0.2)
Net costs from store and head office restructuring		**(0.2)**	(0.4)	(1.1)
Cash flows from investing activities		**(0.4)**	(0.6)	(1.3)
Financing activities				
Proceeds from working capital facilities and loans		**1.2**	-	6.5
Payment of lease liabilities		**(2.9)**	(5.0)	(4.1)
Interest paid on lease liabilities		**(0.5)**	(0.6)	(1.1)
Interest paid on loans		**(0.3)**	-	(0.2)
Refinancing costs		**-**	(0.5)	(0.6)
Cash flows from financing activities		**(2.5)**	(6.1)	0.5
Net increase/(decrease) in cash and cash equivalents	6	**3.5**	(3.0)	(3.0)
Cash and cash equivalents at 1 February	6	**5.2**	8.1	8.1
Exchange rate fluctuations on cash held	6	**-**	0.1	0.1
Cash and cash equivalents at period end	6	**8.7**	5.2	5.2
Cash and cash equivalents	6	**8.7**	5.2	5.2
Bank loans	6	**(7.7)**	-	(6.5)
Net cash and borrowings at period end		**1.0**	5.2	(1.3)

NOTES TO THE HALF-YEAR STATEMENT

1. Statutory accounts and basis of preparation of half-year financial statements

Reporting entity
French Connection Group PLC (the "Company") is a company domiciled in the United Kingdom, whose shares are publicly traded on the London Stock Exchange. These financial statements are presented in millions of pounds sterling rounded to the nearest one decimal place. These condensed consolidated half-year financial statements of the Company as at and for the six months ended 31 July 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

The consolidated financial statements of the Group as at and for the year ended 31 January 2021 are available upon request from the Company's registered office at First Floor, Centro One, 39 Plender Street, London NW1 0DT or can be found on the Group website *www.frenchconnection.com*.

Principal activities
The principal activity of the Group is the international retailing and wholesaling of branded fashion clothing and accessories and the licensing of its brands.

Statement of compliance
These condensed consolidated half-year financial statements have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' as adopted by the UK. As required by the Disclosure and Transparency Rules ("the DTR") of the Financial Conduct Authority, the condensed consolidated half-year financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 January 2021, which were prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

These condensed consolidated half-year financial statements have not been audited or reviewed by auditors pursuant to the Auditing Practices Board guidance on *Review of Interim Financial Information*. The comparative figures for the year ended 31 January 2021 are not the Company's statutory accounts for that period. Those accounts have been reported on by the Company's auditors and have been delivered to the Registrar of Companies. The report of the auditors was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Board of Directors approved the condensed consolidated half-year financial statements on 12 October 2021.

Significant accounting policies
The accounting policies applied by the Group in these condensed consolidated half-year financial statements are the same as those that applied to the consolidated financial statements of the Group for the year ended 31 January 2021.

Key sources of estimation uncertainty
In applying the accounting policies, management has made appropriate estimates in many areas, and the actual outcome may differ from those calculated. The key sources of estimation uncertainty at the balance sheet date were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 January 2021.

Principal risks and uncertainties
Refer to Note 8 for 'COVID-19' impact.

Like all retailers the Group is susceptible to volatility in the propensity of consumers to spend, which is affected by macro-economic issues. As a wholesaler, the Group also faces the risk of default from its customers and manage this through active relationship management by its dedicated customer accounts team.

The Group's approach to the management of risks was the same as that which applied to the consolidated financial statements of the Group for the year ended 31 January 2021. The Board confirms that there are ongoing procedures in place for identifying, evaluating and managing significant risks faced by the Group. There has been no change since the year end to the major risks faced by the Group.

Related party transactions
In the six months to 31 July 2021, there were no material changes in related parties nor any related party transactions. The Group's related party transactions and relationships were disclosed in the Notes to the Annual Report for the year ended 31 January 2021. All transactions with related parties are conducted on an arm's length basis and in accordance with normal business terms. Transactions between related parties that are Group subsidiaries are eliminated on consolidation.

NOTES TO THE HALF-YEAR STATEMENT

1. Statutory accounts and basis of preparation of half-year financial statements (continued)

Going concern

On 24 July 2020, the Group secured a two-year £15 million asset based working capital facility with Hilco Capital. Furthermore, in December 2020, our US business secured additional funding of $6.5m through the government sponsored Main Street Lending Programme. The US loan, through Flushing Bank, Uniondale is for a period of five years with repayments commencing from the end of the third year.

Given the Group and the Company's new liquidity, together with the actions being taken to optimise sales, tightly manage costs and preserve cash, the Board is confident that the Group and the Company are well positioned to navigate an extended period of uncertain consumer demand which will cover at least 12 months from the date of approval of these financial statements. The Board has therefore concluded that it is appropriate to prepare the interim accounts on a going concern basis.

The Group has a debt facility from Hilco which expires in January 2022 with an option to extend the facility to July 2022 at the Company’s sole discretion. Furthermore, Hilco has offered the Company an option to extend this facility further to July 2024. Given the announcement on 4 October 2021 by MIP Holdings Ltd, a company owned and controlled by, among others, Apinder Singh Ghura (the second largest shareholder in French Connection with a holding representing approximately 25.4% of the issued share capital of the Company) of an intention to make an offer for the Company at 30p per share , and the subsequent publication of the scheme document setting out the full terms and conditions of that offer, and given that MIP Holdings Ltd has secured irrevocable commitments in support of its offer from shareholders holding in aggregate 43.6% of the issued share capital of the Company which, together with the shares already owned by Apinder Singh Ghura, amount in total to approximately 69% of the issued share capital of the Company, the Company has elected to defer exercising the option offered by Hilco, pending the outcome of the offer. Hilco have confirmed that the offer of the option remains in place at the date of this announcement and that it is not their intention to withdraw the offer of the option until such time that control of the business might pass to the bidder and include the forthcoming renewal of the UK credit facility in July 2022.

The Board believes that the combined secured circa £20 million UK and US asset based working capital facilities are expected to be sufficient to cover the Company's foreseeable future cash requirements.

The Board is also of the opinion that the outcome of the current offer for the Company by MIP Holdings Ltd is likely to see the current financing arrangements amended with alternative funding arrangements put in place, but is unlikely to affect the going concern basis of these financial statements.

NOTES TO THE HALF-YEAR STATEMENT

2. Segment revenue and results

Income Statement	Six months 31 July 2021 £m	Six months 31 July 2020 £m	Year ended 31 Jan 2021 £m
Revenue			
Retail	**11.4**	10.1	22.5
Wholesale	**28.8**	13.8	49.0
Group revenue	**40.2**	23.9	71.5
Gross profit	**12.7**	3.6	18.4
Retail	**44.7%**	18.8%	32.9%
Wholesale	**26.4%**	12.3%	22.4%
Group gross margin	**31.6%**	15.1%	25.7%
Underlying operating (loss)/profit			
Retail	**(2.5)**	(7.5)	(10.4)
Wholesale	**4.5**	(1.3)	5.0
Licence income	**2.4**	1.5	3.9
Common and Group overheads	**(4.5)**	(4.3)	(8.9)
Finance expense	**(0.8)**	(0.6)	(1.3)
Underlying Group operating loss*	**(0.9)**	(12.2)	(11.7)
Underlying operating margin			
Retail	**(21.9)%**	(74.3)%	(46.2)%
Wholesale	**15.6%**	(9.4)%	10.2%
Underlying Group operating margin	**(2.2)%**	(51.0)%	(16.4)%

Geographical information			
Revenue			
UK/Europe	**72.2%**	67.0%	64.8%
North America	**26.6%**	30.5%	33.8%
Rest of the World	**1.2%**	2.5%	1.4%
Divisional operating profit/(loss)			
UK/Europe	**1.0**	(7.2)	(5.8)
North America	**1.8**	(1.6)	1.1
Rest of the World	**(0.4)**	(0.5)	(0.9)
Group overheads and finance expense	**(3.3)**	(2.9)	(6.1)
Underlying Group operating loss*	**(0.9)**	(12.2)	(11.7)

* excludes adjusting items (Note 3)

NOTES TO THE HALF-YEAR STATEMENT

3. Loss before taxation

Reconciliation of loss before tax to underlying operating loss	Six months 31 July 2021 £m	Six months 31 July 2020 £m	Year ended 31 Jan 2021 £m
Loss before tax	**(0.9)**	(13.2)	(19.7)
Adjusting items:			
Provisions for bad debts and bad debt write-offs	**-**	0.1	0.4
Fixed asset impairments	**-**	-	0.2
Right of use asset impairment	**-**	-	4.9
Store and head office restructuring costs	**-**	0.4	0.9
Dilapidation costs	**-**	-	1.0
Other professional fees	**-**	0.5	0.6
	-	1.0	8.0
Underlying operating loss	**(0.9)**	(12.2)	(11.7)

Other professional fees £0.5m in the prior year relate to refinancing costs expensed with regards to securing working capital funding for the Group.

4. Other operating income

	Six months 31 July 2021 £m	Six months 31 July 2020 £m	Year ended 31 Jan 2021 £m
Licensing income	**2.4**	1.5	3.9

NOTES TO THE HALF-YEAR STATEMENT

5. Losses per share

Basic and diluted losses per share are calculated on the following weighted average number of ordinary shares during the period.

	Six months 31 July 2021	Six months 31 July 2020	Year ended 31 Jan 2021
Weighted average number of ordinary shares	**96,612,934**	96,612,934	96,612,934

Basic and diluted losses per share of 0.9 pence per share (2020: losses of 13.6 pence) is based on losses of £0.9m (2020: losses of £13.1m) attributable to equity shareholders.

The reconciliation from basic and diluted losses per share to adjusted losses per share is as follows:

	Six months 31 July 2021		Six months 31 July 2020		Year ended 31 Jan 2021	
	£m	pence per share	£m	pence per share*	£m	pence per share
Loss attributable to equity shareholders	**(0.9)**	**(0.9)p**	(13.1)	(13.6)p	(19.7)	(20.4)p
Adjusting items (Note 3)	**-**	**-**	1.0	1.0p	8.0	8.3p
Adjusted loss	**(0.9)**	**(0.9)p**	(12.1)	(12.6)p	(11.7)	(12.1)p

6. Net debt

	31 January 2021 £m	Cash flow £m	Non cash changes £m	31 July 2021 £m	31 July 2020 £m
Cash and cash equivalents	5.2	3.5	-	**8.7**	5.2
Loans	(6.5)	(1.2)	-	**(7.7)**	-
Lease liabilities	(23.8)	2.9	(0.3)	**(21.2)**	(24.8)
Net debt	(25.1)	5.2	(0.3)	**(20.2)**	(19.6)

Loans of £4.7m (2020: £Nil) are repayable after more than one year.

Lease liabilities of £15.6m (2020: £17.7m) are repayable after more than one year.

NOTES TO THE HALF-YEAR STATEMENT

7. Provisions

Dilapidations	Six months 31 July 2021 £m	Six months 31 July 2020 £m	Year ended 31 Jan 2021 £m
Balance at 1 February	**1.5**	0.7	0.7
Utilised during the period	**(0.2)**	-	(0.2)
Charged during the period	**-**	0.2	1.0
Balance at period end	**1.3**	0.9	1.5
Current liabilities	**0.7**	0.7	0.8
Non-current liabilities	**0.6**	0.2	0.7

Current year provision relates to future dilapidation costs with regards to contractual obligations to reinstate stores to their original condition. The associated costs are forecast to be incurred over the remaining lease period of the respective stores.

8. COVID-19

The prior financial year witnessed extraordinary events caused by the COVID-19 pandemic which has had a substantial impact on businesses and on the fashion Retail sector in particular.

On 11 March 2020, the World Health Organization declared COVID-19 a pandemic. In line with Government advice from 18 March all French Connection head office staff were encouraged to work from home where this was possible. Our Retail stores were closed on Sunday 22 March 2020 and our concessions were closed on Monday 23 March 2020. These closures were not limited to the UK. All our stores and concessions in Ireland, the Netherlands, Spain, Portugal, France and the USA were closed and our operations in the USA, Hong Kong, India, Turkey and Portugal were all restricted by national government measures to contain the Coronavirus (COVID-19) virus.

These closures and restrictions, together with the squeeze on our Wholesale business from customers who were initially in a challenging financial position, led to a drastic reduction in our daily cash income in a dramatically short period of time. The economic impact of this global health crisis on the French Connection Group, at a time when we were focused on doing all we could to return our business to a sustainable level of profitability, required significant action to secure the financial stability of the business.

From 24 March 2020, we asked all store and concession staff to accept the “furloughing” of their employment at a reduced level of pay so that we could sign up to the UK Coronavirus Job Retention Scheme and implemented similar measures in our Retail operations around the world.

In addition, from 7 April 2020, we asked those head office staff, both in the UK and globally, who had a significant reduction in their regular work load either due to the nature of their role, or because they were unable to perform their role effectively remotely to accept the “furloughing” of their employment and a reduced level of pay.

Our E-commerce business continued to operate, initially at lower levels to those before the outbreak although subsequently with online sales significantly up. Our Wholesale customers, in particular, the ‘bricks and mortar’ customers were in a similar position and revenues significantly declined. However, the impact was mitigated by our large Wholesale ‘pure play’ customer base which continued to trade, and in some cases, trade strongly.

NOTES TO THE HALF-YEAR STATEMENT

8. COVID-19 (continued)

We worked hard planning for the stores to reopen, ensuring they did so safely and in line with all Government guidance. The majority of the stores opened from mid-June and we ensured that our customers and colleagues were able to shop and work confidently in a safe and healthy environment. However, when stores did reopen we saw that our smaller stores in more provincial locations performed more strongly than those in the traditionally bustling city centres. Trading at the beginning of the second half of the year was in line with our expectations, however, as a consequence of the subsequent tightening of COVID-19 guidance from September, footfall declined again and conditions became more difficult across the Retail channels. This was then compounded by the full closure required during the second lock down in November and the subsequent third lock down at the start of January 2021.

We once again worked hard to reopen our stores from mid-April 2021.

As a direct consequence of the above, we enacted some of the following to safeguard the continued future of the Company and ensure that the business remains a going concern.

- Furloughing of all global Retail staff and a substantial proportion of global head office employees whose workload had been significantly impacted. We registered for applicable national schemes to enable us to recoup employment salaries and taxes where applicable.

- Liaising with our Retail, office and warehouse landlords with regards to the attainment of rent payment holidays. We are in continued discussions about the payment arrangements of future rent quarter payments and the settlement profile of these deferred amounts.

- Discussions with suppliers regarding renegotiation of existing payment terms.

- Dialogue with key Wholesale customers, including agreement on early payment settlement discounts to ensure continued Wholesale revenue cash income.

- Correspondence with the relevant government authorities to defer any local or national taxes due including business rates, duty, employment and VAT related taxes.

All of the above factors have had a significant impact on the short-term cash income stream of the business. In the light of the Company's current cash position and the continued expected weak trading environment, we were in active discussions with a number of potential funding partners. On 24 July 2020, the Group put in place a £15 million working capital facility with Hilco Capital for the next 2 years. In addition, our US business, based in New York secured US$6.5million of additional funding through the government backed Main Street Lending Programme to support our US based operations and employees. The US loan is for a period of 5 years with repayments commencing from the end of the 3rd year. The Directors expect these new funding facilities to be sufficient to cover the Company's cash requirements, based on its current conservative expectations of future trade.

Given the Company's new liquidity, together with the actions being taken to optimise sales, tightly manage costs and preserve cash, the Board is confident that the Company is well positioned to continue to navigate an extended period of uncertain consumer demand.

The welfare, health and safety of our stakeholders, and in particular our colleagues and our customers, has been our top priority, while taking decisive actions to protect the business and its long-term financial position.

NOTES TO THE HALF-YEAR STATEMENT

9. Retail locations

		31 July 2021		31 January 2021		31 July 2020	
		Locations	sq ft	Locations	sq ft	Locations	sq ft
Operated locations							
UK/Europe							
French Connection	Stores	**24**	**64,315**	26	71,385	28	72,240
French Connection/Great Plains	Concessions	**38**	**35,362**	38	35,097	40	37,458
YMC	Stores	**2**	**1,355**	3	1,805	3	1,805
Total UK/Europe		**64**	**101,032**	67	108,287	71	111,503
North America							
French Connection US	Store	**-**	**-**	-	-	1	6,000
Total North America		**-**	**-**	-	-	1	6,000
Total operated locations		**64**	**101,032**	67	108,287	72	117,503
French Connection licensed and franchised							
UK/Europe		**1**	**1,100**	1	1,100	1	1,100
North America		**1**	**2,346**	1	2,346	1	2,346
Middle East		**2**	**1,614**	2	1,614	2	1,614
Australasia		**149**	**77,633**	146	70,282	143	66,728
Other		**11**	**10,802**	11	10,802	15	11,327
Total licensed and franchised locations		**164**	**93,495**	161	86,144	162	83,115
Total branded locations		**228**	**194,527**	228	194,431	234	200,618