FRENCH CONNECTION

FULL YEAR RESULTS 31ST JANUARY 2020

New York fashion show Aw20
HIGHLIGHTS

• Group revenue of £119.9m (2019: £135.3m), down 11.4% (down (11.1%) CCY) impacted by the planned closure of stores and the difficult retail trading environment in the UK

• Underlying loss of £(2.9)m compared to a restated underlying profit of £0.8m in the comparative period

• Closure of net 15 non contributing locations in the year

• Wholesale revenue down 4.8% ((4.6%) CCY) although up 15.7% (16.1% CCY) in North America

• Decline in LFL sales in UK/Europe of 2.5% (2019: down 6.8%) reflecting the generally poor UK retail trading conditions in the second half of the year

• Composite gross margin of 38.3% (2019: 42.3%) due to an increased proportion of Wholesale in the mix together with reduced FX benefit and additional import duty into US

• Closure of the China and Hong Kong joint venture during the year

• Closing cash of £8.1m (2019: £16.2m)
## Results Summary

<table>
<thead>
<tr>
<th></th>
<th>12 months to 31/01/2020 Inc IFRS 16</th>
<th>Remove IFRS 16 impact</th>
<th>12 months to 31/01/2020 Exc IFRS 16</th>
<th>12 months to 31/01/2019</th>
<th>Variance (exc IFRS 16)</th>
<th>Constant currency variance (exc IFRS 16)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>119.9m</td>
<td></td>
<td>119.9m</td>
<td>135.3m</td>
<td>(11.4%)</td>
<td>(11.1%)</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>(74.0)m</td>
<td>(1.4)m</td>
<td>(75.4)m</td>
<td>(78.1)m</td>
<td></td>
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</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>38.3%</td>
<td></td>
<td>37.1%</td>
<td>42.3%</td>
<td>(516bps)</td>
<td>(513bps)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(52.8)m</td>
<td>(1.7)m</td>
<td>(54.5)m</td>
<td>(62.2)m</td>
<td>12.4%</td>
<td>12.1%</td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>5.5m</td>
<td></td>
<td>5.5m</td>
<td>5.8m</td>
<td>(5.2%)</td>
<td>(5.1%)</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(1.5)m</td>
<td>1.5m</td>
<td>0.0m</td>
<td>0.0m</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Underlying Operating (Loss)/Profit</strong></td>
<td>(2.9)m</td>
<td>(1.6)m</td>
<td>(4.5)m</td>
<td>0.8m</td>
<td>(662.5%)</td>
<td>(663.3%)</td>
</tr>
<tr>
<td><strong>Exceptional items</strong></td>
<td>(4.4)m</td>
<td></td>
<td>(4.4)m</td>
<td>(9.4)m</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(Loss) for the period</strong></td>
<td>(7.3)m</td>
<td>(1.6)m</td>
<td>(8.9)m</td>
<td>(8.6m)</td>
<td>(3.0%)</td>
<td></td>
</tr>
<tr>
<td><strong>Closing net cash</strong></td>
<td>8.1m</td>
<td></td>
<td>16.2m</td>
<td></td>
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</tr>
</tbody>
</table>

* Excludes impact of JV and discontinued operations
WHOLESALE

Revenue

- Total revenue reduced 4.8% (down 4.6% CCY)
- Strong North America growth of 15.7% (CCY 16.1%) offset by drop in UK Wholesale, due to reduced demand in H2 and timing changes to deliveries
- North America Wholesale division now largest wholesale segment

Gross margin

- Gross margin 29.0% (excl. IFRS 16 adjustment) (2019: 32.5%) driven by additional US import duty and lower relative year on year FX benefit

Selling and distribution expenses

- Costs down 3.1% (excl. IFRS 16 adj.) with continued tight control

UNDERLYING OPERATING PROFIT

<table>
<thead>
<tr>
<th></th>
<th>19/20</th>
<th>18/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>(4.8%)</td>
<td>73.2</td>
<td>76.9</td>
</tr>
<tr>
<td>Gross Margin (excl IFRS 16)</td>
<td>29.0%</td>
<td>32.5%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>13.2</td>
<td>15.2</td>
</tr>
<tr>
<td>IFRS16 adjustment</td>
<td>(1.5)</td>
<td>-</td>
</tr>
<tr>
<td>Underlying Operating Profit</td>
<td>11.7</td>
<td>15.2</td>
</tr>
</tbody>
</table>
RETAIL TRADING

Revenue
- Overall revenue including store closures down 20.0% (19.7% CCY)
- UK/EU LFL down 2.5% for the year, impacted by the continued difficult trading conditions
- Closure of 11 non-contributing stores, four concessions and three outlets during the period with a 26% reduction in total selling space at year end
- New store opened in Duke Street, London and two new concessions

Gross Margin
- Margin rate (excl. IFRS 16 adjustment) of 49.9% (2019: 55.1%) driven by higher levels of clearance sales and increased outlet store mix

Selling and distribution expenses
- Overall overheads down 17.9% (excl. IFRS 16 adj.) with the continued store closures. Underlying reduction of 5.5% driven by savings in rent and commission

UNDERLYING OPERATING LOSS

<table>
<thead>
<tr>
<th></th>
<th>2018/19</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>(20.0%)</td>
<td>19/20</td>
</tr>
<tr>
<td></td>
<td>(20.0%)</td>
<td>18/19</td>
</tr>
<tr>
<td>Gross Margin (excl IFRS 16)</td>
<td>49.9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>55.1%</td>
<td></td>
</tr>
<tr>
<td>Operating Loss</td>
<td>(10.0)</td>
<td>(10.0)</td>
</tr>
<tr>
<td></td>
<td>(10.3)</td>
<td>(10.3)</td>
</tr>
<tr>
<td>IFRS16 adjustment</td>
<td>(1.6)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(1.8)</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Underlying Operating Loss</td>
<td>(11.6)</td>
<td>(11.6)</td>
</tr>
<tr>
<td></td>
<td>(12.0)</td>
<td>(12.0)</td>
</tr>
</tbody>
</table>
| New store opened in Duke Street, London and two new concessions

Retail Overview

- 11 non-contributing stores, three outlets and four concessions closed in the year
- Opening of new Duke Street Studios store in London in July, along with two further concessions
- Average lease length remaining of the Group’s retail estate is 2.5 years (2019: 2.3 years)
- Ongoing management of the retail portfolio essential in light of current issues affecting the UK high street with further provisions made for onerous lease contracts
- A number of UK retail stores remain open due to more favourable terms and flexible lease periods being secured
- Ecommerce revenue declined 8.1%, but grew as a percentage of retail revenue to 24.2% (2019: 21.2%). Further enhancements to the Ecommerce platform and customer experience planned in FY21
- Mobile now constitutes 63.8% of UK/EU eCommerce traffic (2019: 56.8%) and 48.9% of transactions (2019: 41.9%)

Movement in store locations over the past year

<table>
<thead>
<tr>
<th></th>
<th>31 January 2020</th>
<th>Change on Jan 19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Locations sq ft</td>
<td>Locations sq ft</td>
</tr>
<tr>
<td>UK/Europe</td>
<td>23 66,430</td>
<td>(9) (33,000)</td>
</tr>
<tr>
<td>North America</td>
<td>2 9,102</td>
<td>(1) (2,350)</td>
</tr>
<tr>
<td><strong>Total Full Price Stores</strong></td>
<td>25 75,532</td>
<td>(10) (35,350)</td>
</tr>
<tr>
<td>Outlets</td>
<td>8 13,338</td>
<td>(3) (7,701)</td>
</tr>
<tr>
<td>Concessions</td>
<td>45 40,418</td>
<td>(2) (2,796)</td>
</tr>
<tr>
<td><strong>Total French Connection</strong></td>
<td>78 129,288</td>
<td>(15) (45,847)</td>
</tr>
<tr>
<td>YMC</td>
<td>3 1,805</td>
<td>0 0</td>
</tr>
<tr>
<td><strong>Total Operated Locations</strong></td>
<td>81 131,093</td>
<td>(15) (45,847)</td>
</tr>
</tbody>
</table>
LICENCE INCOME

- Licensing income for the year was £5.5m compared to £5.8m last year

- Steady performance with DFS again growing but offset by the closure of our bag licensee in North America

- New ladies footwear, kidswear and hosiery licences commencing deliveries in North America in the second half of the year

<table>
<thead>
<tr>
<th></th>
<th>19/20</th>
<th>18/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing Income</td>
<td>(5.2%)</td>
<td>£5.5</td>
</tr>
</tbody>
</table>
OPERATING EXPENSES

- Total group overheads reduced by 15.1% (14.8% CCY). (12.4% excl. IFRS 16 adj.)
- £6.5m decrease attributable to store closures during the current and prior year however 3.7% underlying reduction
- Upward pressure from living wage and pension increases offset by rent renegotiations and continued cost saving initiatives
- Further alignment of Head Office departments took place during the year

<table>
<thead>
<tr>
<th></th>
<th>19/20 (£m)</th>
<th>18/19 (£m)</th>
</tr>
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<tbody>
<tr>
<td>Operating Expenses</td>
<td>52.8</td>
<td>62.2</td>
</tr>
<tr>
<td>IFRS16 adjustment</td>
<td>1.7</td>
<td>-</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(12.4%)</td>
<td>54.5</td>
</tr>
</tbody>
</table>

OPERATING EXPENSES

- Currency Impact: 2018/19 - 0.2, 2019/20 - 0.2
- Year-over-Year Change: 2019/20 - 54.5

2018/19

- Store Closures: 6.5
- Ongoing Savings: 1.3
- Currency Impact: 0.2

2019/20

- Store Closures: 54.5
- Ongoing Savings: 0.2
- Currency Impact: 0.2
ADJUSTING ITEMS

• Adjusting items of £4.4m (2019: £9.4m) recognised in the period

• Professional fees relate to the Strategic Review process

• Store closures covers current year costs and provision for future dilapidations charges

• The onerous lease provision has been updated and includes the write off of assets in these stores

• Bad debt provision for International franchise customers

<table>
<thead>
<tr>
<th>19/20</th>
<th>£m</th>
</tr>
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<tbody>
<tr>
<td>Professional fees</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Store closure costs</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Onerous lease provision &amp; asset write off</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Wholesale bad debt</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Total exceptional items</strong></td>
<td><strong>(4.4)</strong></td>
</tr>
</tbody>
</table>
FINANCIAL POSITION

• Year end cash balance £8.1m (2019: £16.2m) reflecting the loss in the year

• Reduced working capital outflow of £0.7m (2019: £4.6m) due to lower levels of stock and trade debtors as a result of reduced trading volumes

• £1.1m cost of withdrawal from the 18 locations exited through the year

• Capital expenditure of £1.1m in new store, ecommerce improvements and IT costs

CASH FLOW SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Jan 2020</th>
<th>Jan 2020</th>
<th>Jan 2019</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Total Underlying operating (loss)/profit</td>
<td>(7.8)</td>
<td>(2.9)</td>
<td>0.8</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>0.5</td>
<td>0.0</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>Non-underlying adjusting items</td>
<td>4.4</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>IFRS 16 - ROU asset depreciation/finance expense</td>
<td>8.1</td>
<td>8.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Operating result before changes in working capital</td>
<td>6.4</td>
<td>6.4</td>
<td>1.5</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Jan 2020</th>
<th>Jan 2020</th>
<th>Jan 2019</th>
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<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Movement in working capital</td>
<td>(0.7)</td>
<td>(0.7)</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>5.7</td>
<td>5.7</td>
<td>(3.1)</td>
</tr>
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<table>
<thead>
<tr>
<th></th>
<th>Jan 2020</th>
<th>Jan 2020</th>
<th>Jan 2019</th>
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<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(1.1)</td>
<td>(1.1)</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Store disposal costs</td>
<td>(1.1)</td>
<td>(1.1)</td>
<td>(0.9)</td>
</tr>
<tr>
<td>Disposal of subsidiary</td>
<td>0.0</td>
<td>0.0</td>
<td>11.7</td>
</tr>
<tr>
<td>IFRS 16 - payment of lease liabilities</td>
<td>(11.4)</td>
<td>(11.4)</td>
<td>0.0</td>
</tr>
<tr>
<td>Issue of share options</td>
<td>0.0</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>0.0</td>
<td>0.0</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>0.2</td>
</tr>
<tr>
<td>Movement in cash</td>
<td>(8.0)</td>
<td>(8.0)</td>
<td>6.8</td>
</tr>
</tbody>
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<thead>
<tr>
<th></th>
<th>Jan 2020</th>
<th>Jan 2020</th>
<th>Jan 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Opening net cash</td>
<td>16.2</td>
<td>16.2</td>
<td>9.5</td>
</tr>
<tr>
<td>Exchange rate fluctuations</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Closing net cash</td>
<td>8.1</td>
<td>8.1</td>
<td>16.2</td>
</tr>
</tbody>
</table>
STRATEGIC PROGRESSION

- Focus on expanding with key wholesale customers both in the UK and North America, with targeted growth in department stores and leveraging online presence
- Continued progress with the rationalisation of the store portfolio, with a focus on profitable stores and strategic locations that best encapsulate the French Connection brand
- Further investment in online platform enhancing the customer experience to increase conversion and increased marketing spend to drive traffic
- Development and extension of licences, with newer North American licensees becoming established and additional licensees coming online
- Seek out further cost reductions
- Current trading conditions and the impact of coronavirus on our supply chain likely to impact current year although reaction to winter collections positive

* Excluding Toast
FRENCH CONNECTION

New York fashion show Aw20