



French Connection Group PLC

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The French Connection Group designs, produces and distributes branded fashion clothing and homeware to more than 50 countries around the world

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CHAIRMAN'S STATEMENT

Dear Shareholders

As I said in our Interim Statement in October, this year has been the most difficult the business has ever faced. The remedial actions we put in place during the first half of the year have served us well, with the underlying operating result in the second half of the year in line with last year. Given the ongoing challenges we have all faced during this period, it is satisfying to have been able to make some progress, although the overall result for the year is disappointing. As with all non-essential businesses we have had extended periods of closure of our own trading locations and those of our wholesale customers throughout the year as a result of the COVID-19 pandemic. When we have been able to trade, footfall was considerably reduced. The only channel to have benefitted has been e-commerce, with both our own sites and those operated by our customers performing strongly both in the UK and USA.

As previously announced, we took immediate and decisive action to manage the significant pressure on the Group's operations and liquidity as a result of the disruption caused by the COVID-19 pandemic. These involved working with many of the Group's key stakeholders including all suppliers and landlords to actively manage both current and future commitments in order to preserve our cash resources. We also recognised that additional funding would be required to secure the future of the business and so, as announced in July 2020, we secured a £15 million working capital facility for a two-year period to cover the Group's cash requirements over that time. Additionally, in December 2020 we also received a \$6.5m loan from the Main Street Lending Programme to support our USA based operations. During the second half of the year, we implemented a review of our head office and store staffing structures to achieve the reduced levels required for the business going forward. Although net debt was only £1.3m at the end of the year, the facilities will provide the working capital required for the year ahead.

In line with many other retail and wholesale businesses, the overall financial performance is considerably worse than last year given the pandemic situation. Group revenue was £71.5m (2020: £119.9m), with a resulting underlying loss of £(11.7)m compared to £(2.9)m last year. This movement is primarily driven by the significant reduction in revenue and additional one-off stock provisions reflecting the higher residual stock levels in the business, particularly from the Summer season, where the timing of the initial lockdown was too late for us to take significant action regarding the intake of goods. This has been partially offset by cost savings across all areas, with assistance from the furlough scheme and business rates relief.

Wholesale

Revenue for the year was £49.0m (2020: £73.2m). Driven by the pandemic, revenue was down across all territories, although less so in the UK with a higher proportion of customers within the client base with strong ecommerce propositions. In addition new season deliveries to customers were impacted by end of year shipping delays due to reduced capacity, particularly from Asia. Gross margins were 22.4% (2020: 30.2%), impacted by the loss of full price sales within the revenue mix driven by the timing of the closures together with higher levels of stock provision required in the USA. In response to this, costs have been significantly reduced with all non-essential expenditure

stopped, the furlough scheme utilised, and fixed head count removed where possible, resulting in a 32.6% reduction (32.7% CCY). Overall, this has resulted in an underlying operating contribution of £5.0m (2020: £13.2m).

The current order banks for Summer 21 and in particular Winter 21 represent a good bounce back to previous levels reflecting the strength of the collections and provides us with a solid start to the new financial year. Underpinning this growth is the strength of the pure play online businesses and the multichannel operators with an established ecommerce presence. The challenges thrown up by not being able to meet customers in person in order to present product has accelerated the requirement to be able to show collections online remotely, which we have successfully achieved. Although this is a very useful alternative, it is not a long-term replacement.

Retai

Overall revenue fell to £22.5m from £46.7m last year. During the year the store portfolio was predominantly closed for 21 weeks. When the portfolio reopened, trading, particularly in the important Christmas period post the November lockdown, was considerably below last year. In addition, a further 14 locations (seven stores and seven concessions) were permanently closed during the year. As expected though, there has been a number of more favourable rental deals as leases have come to an end. We have been able to remain in some but not all of those locations, on favourable and flexible terms. We are very grateful to a considerable number of our landlords who have assisted us with rent holidays and deferrals while the stores have been closed. In the USA we exited the last remaining two stores at the end of the year. Looking forward we expect another two stores to close in the UK this year but will closely monitor the performance of all stores. The average lease length of the remaining stores is 1.9 years (2020: 2.5 years).

Gross margin was 18.1% down from 51.0% last year. This reflects the significant loss of full price sales when the stores were closed, higher markdowns in the summer sale to assist stock clearance due to the highly promotional nature of the market as well as one-off stock provisions required given the closing inventory levels. In mitigation on the cost side, together with the rent reductions referred to above, we have participated in the furlough scheme, benefitted from the business rates relief, saved variable commission in the concessions and eliminated all discretionary spend. As a result, the underlying loss for the year has only slightly increased by $\mathfrak{L}0.4$ m to $\mathfrak{L}(10.4)$ m.

Within this, the ecommerce business grew by 7.1% across the year. There was stronger growth in the first half driven by more promotional activity to match competitor activity. The second half experienced slightly slower growth, albeit with stronger gross margins as lower stock levels required less discounting for clearance. This performance was driven by Homeware and more casual clothing, both of which did particularly well across the year.

Now the stores have re-opened again, we will start to see how footfall and trade develops however the initial performance is much better than we experienced last time. Based on our experience last year we expect to now gradually build, especially in places like central London where there has been a lack of tourists and office workers. Outdoor locations such as

CHAIRMAN'S STATEMENT

Continued

outlet malls performed much better after the first lockdown and we are seeing the same again. Ecommerce has started the year very well with growth in both revenue and gross margin, particularly in the last few weeks.

Licensing

License income for the year was £3.9m compared to £5.5m last year. Our licensees have generally seen a similar impact on their business as we have, both in the UK and USA, given the wholesale nature of the channel. Within this though, DFS has performed very well with business strong when their stores have been open, in addition to an excellent online experience, driving sales during lockdown and showing the strength of the brand. We launched some new smaller USA licensees in the year with shoes in particular starting off well given the circumstances.

Operating expenses

As described in the divisions above, we reduced all costs that we could over the year. In addition to the short-term savings achieved we put in place the Head Office and Store staff reductions which will benefit us as we move forward. The focus on managing costs will be maintained as we grow back, to ensure that only essential increases are allowed.

The Group ended the year with net debt of $\mathfrak{L}1.3m$ compared with $\mathfrak{L}8.1m$ of cash last year. This movement predominantly reflects the losses that have been generated but also low levels of capital expenditure on IT, financing costs associated with the new credit facilities put in place and costs associated with the reorganisation implemented during the year. The Board have decided that there will be no dividend paid for the year.

In early February we disclosed that we had received two very early stage approaches from third parties which may or may not result in them making an offer for the Company. Following the announcement, a number of other parties showed interest and so we agreed with the UK Takeover Panel that any discussions in relation to an offer for the Company may take place within the context of a formal sale process, in order to enable the conversations with the parties interested in making such a proposal to take place on a confidential basis. These discussions continue although at this point there can be no certainty that an offer will be made for the Company. Further updates will be made as and when appropriate.

Board changes

I would like to thank Robin Piggott, who resigned from the Board in August 2020, for his considerable efforts during his time with us and welcome Neil Page who recently joined as Independent Non-Executive Director in March 2021 and now chairs the Audit Committee and is also a member of the Remuneration Committee.

Summary

Our key focus for the year has been to navigate our way through the difficult challenges we have faced as a result of the COVID-19 pandemic.

Initially we worked with our key stakeholders to stabilise the business and secure new financing. Trading had been broadly in line with our expectations at the time of the financing but we were then hit by the second and third national lockdowns in the UK. Given the new financing, together with the actions being

taken to optimise sales, tightly manage costs and preserve cash, we are confident that the Group is well positioned to navigate any further period of uncertain consumer demand.

Significant effort has been made on ensuring appropriate measures are in place to protect the safety and wellbeing of all our colleagues, customers and business partners, to ensure that we can all operate in a safe environment. Our staff have had to work remotely for long periods of time and considerable numbers have been on furlough. I thank them all for their efforts and patience during these trying times.

Looking ahead I am pleased that the wholesale business in both the UK and USA has bounced back for the Summer and Winter seasons, even with the continued uncertainty and lockdowns. E-commerce sales are growing with the Summer collection selling very well.

With stores having predominantly re-opened in the UK, we are seeing a much better sales performance than we experienced at the end of the first national lockdown although it will take time to see how quickly things develop over the coming months, in our own stores but also for our wholesale customers. Overall though I feel that we are definitely moving in the right direction once again.

Stephen Marks

Chairman and Chief Executive 28 April 2021

Notes:

- 1. Underlying Operating result excludes adjusting items (Note 9) and discontinued operations (Note 3).
- 2. LFL or "Like-for-Like" sales growth is defined as the year-on-year sales growth for owned stores and concessions open more than one year, including ecommerce revenues, removing the impact of closed stores and reported in constant currency.
- 3. Constant Currency (CCY) is calculated by translating the year ending January 2021 at 2020 rates to remove the impact of exchange rate fluctuations (Note 28).
- 4. Underlying overheads consist of LFL store overheads.
- Adjusting items include provisions for bad debts, store and head office restructuring expenditure, dilapidation costs, impairment provisions and other professional fees (Note 9).
- 6. Continuing operations exclude the discontinued results from the disposed Hong Kong and China joint ventures (Note 3).

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.

Overall financial performance

The full year results cover the twelve months for the year-ended 31 January 2021 and were significantly impacted by the COVID-19 pandemic and the related lockdown restrictions imposed during this period, both in the UK and globally. The impact of COVID-19 in the year has affected the results of all of our business channels. Our retail stores were closed from late March to mid-June 2020, through November 2020 and most recently from the start of January 2021 and have only recently re-opened in mid-April 2021. Our wholesale customers, in particular, the 'bricks and mortar' customers have been similarly impacted. However, our ecommerce channels, both our own website and our major wholesale 'pure play' customers have continued to trade positively even though we have adopted a reduced promotional stance compared to last year. Our licensing channel has also been impacted although DFS revenues continue to perform well with performance during the 'unlocked' periods making up for the reduced performance during lockdown. Overall we believe that due to the COVID-19 lockdown we suffered a £39.7m revenue loss and a consequential £10.2m underlying profit impact with poor trading partly offset by reduced costs and Government support. Full details of the operational impact on the business are presented in the 'COVID-19' statement on page 8.

Underlying result for the full year to January 2021 was a loss of $\mathfrak{L}(11.7)$ m compared to an underlying loss of $\mathfrak{L}(2.9)$ m in the comparative period. The underlying result excludes adjusting items and discontinued operations.

Adjusting items of £8.0m (2020: £4.4m) in the year relate to significant material bad debts, impairment and dilapidation provisions, head office and retail restructuring costs and professional fees relating to the securing of additional funding to facilitate the future trading of the Group. Further information in relation to the adjusting items is provided in Note 9 to the Group accounts.

Discontinued operations in the prior year relate to the cessation of our joint venture operation in Asia. The closure of all of our fourteen joint venture stores in China and Hong Kong was completed in the second half of the prior financial year and generated a total loss of $\mathfrak{L}(0.5)m$. The joint venture trading result has been presented within discontinued operations in the comparative year.

The current and prior reporting periods are inclusive of the implementation of IFRS 16 in the prior year which resulted in presentational changes to the Income Statement, Statement of Financial Position and Cash Flow.

Including adjusting items and discontinued operations, the Group reported a total loss for the year of $\mathfrak{L}(19.7)$ m (2020: $\mathfrak{L}(7.8)$ m).

As recently announced in our Interim Results in October 2020, the Group secured a two-year £15 million asset based working capital facility with Hilco Capital on 24 July 2020. 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. The Group believes that these combined working capital facilities are sufficient to cover the Company's foreseeable future cash requirements based on a 'most likely worst case' stress tested forecast scenario.

Revenue

Group revenue from continuing operations of £71.5m (2020: £119.9m) decreased by 40.4% (39.9% at constant currency). Retail sales decreased by 51.8% (51.8% at constant currency) to £22.5m (2020: £46.7m) with both UK/Europe and North America sales significantly impacted by COVID-19 store lockdowns throughout both H1 and H2. The decline in retail revenue was mitigated by year-on-year ecommerce sales growth which constituted 53.8% (2020: 24.2%) of total retail sales. Wholesale revenue reduced by 33.1% (32.3% at constant currency) to £49.0m (2020: £73.2m).

Gross margin

Composite gross margin of 25.7% was significantly lower than the previous year 38.3% reflecting the lost full price selling period during multiple lockdowns, increased clearance sales and additional stock provisioning relating to unsold product at the end of the financial year. These one-off adjustments to stock provisions due to COVID-19 amounted to $\mathfrak{L}3.1\mathrm{m}$ in total, bringing the margin down from 30.1% to that reported of 32.9% retail and 22.4% wholesale (comparative period margins of 51.0% and 30.2% respectively).

Wholesale

Group wholesale revenue from continuing operations of $\pounds49.0$ m was 33.1% (32.3% at constant currency) lower than the prior period (2020: $\pounds73.2$ m). The impact of COVID-19, particularly on our 'bricks and mortar' wholesale customers, has resulted in declines in all geographic revenues with decreases in UK/Europe to $\pounds25.8$ m (2020: $\pounds34.7$ m), North America to $\pounds22.2$ m (2020: $\pounds36.8$ m) and the Rest of World to $\pounds1.0$ m (2020: $\pounds1.7$ m).

Group wholesale gross margin deteriorated to 22.4% (2020: 30.2%) due to increased stock provisions in relation to unsold Spring product. The decline in overall wholesale sales and a softer margin resulted in a profitability decrease in underlying wholesale profit for the year to £5.0m (2020: £13.2m).

Retail

Group retail revenue of £22.5m was 51.8% lower than the comparative period (2020: £46.7m) principally due to the multiple Government imposed COVID-19 lockdowns on non-essential retail locations during the financial year. During the year, we closed seven non-contributing stores and seven concessions, including our two remaining North America locations. The total number of operated locations at the year-end was 67 (2020: 81) reflecting a 22% reduction in average selling space. We continue to review the Group retail portfolio and opportunities available to renegotiate or terminate leases.

Retail gross margins of 32.9% (2020: 51.0%) were significantly impacted by increased stock provisioning with regards to residual Spring stock as well as additional online promotional activity to remain competitive and increased Spring product sell through as a result of store lockdown closures.

Ecommerce revenue as a proportion of Group Retail revenue increased to 53.8% (2020: 24.2%) as a direct result of the store closures but also increased sales. Mobile phone transactions as a proportion of ecommerce traffic also increased to 67.4% of all online transactions (2020: 63.7%) reflecting the continued focus and development of our CRM capability and targeted social media advertising.

Continued

Underlying retail loss for the year increased to $\mathfrak{L}(10.4)$ m (2020: $\mathfrak{L}(10.0)$ m). The fall in revenues has been largely mitigated by a reduction in the retail cost base arising from Government initiatives including employment furlough schemes and the business rates holiday. We have also been in active discussions with landlords regarding rent payment holidays and discounts together with an extension of existing payment terms.

Geographical analysis

The geographical revenue analysis highlights consistent year-on-year proportion of sales across the three primary geographical channels: UK/Europe 64.8% (2020: 64.7%), North America 33.8% (2020: 33.9%) and Rest of World 1.4% (2020: 1.4%). The impact of COVID-19 has resulted in a reduction in operating profitability in all geographic regions; UK/Europe loss increasing to $\mathfrak{L}(5.8)$ m (2020: $\mathfrak{L}(1.6)$ m), North America profit reduction to $\mathfrak{L}(0.9)$ m (2020: $\mathfrak{L}(0.8)$ m).

Licensing income

Licensing income of £3.9m generated during the year fell by 29.1% (2020: £5.5m) as revenues from the majority of licensees were impacted by COVID-19. However, DFS orders continue to grow year-on-year with branded French Connection furniture sales performing well. Due to increased delivery lead times as a result of delivery challenges and store lockdowns, the strong recovery in DFS income is expected to be carried forward into the next financial year.

Operating expenses

Group underlying operating expenses of £32.7m (2020: £52.8m), excluding adjusting items, were 38.1% lower than the prior period primarily due to store closures during lockdown including negotiated landlord rent discounts as well as local government rates holidays and salary furlough schemes. We continue to focus on cost control and efficiency savings.

Total operating expenses including adjusting items were £40.7m (2020: £57.2m).

Adjusting items and discontinued operations

Adjusting items of £8.0m (2020: £4.4m) have been recognised in the period relating to non-recurring items including wholesale and licensing bad debt provisions of £0.4m, store and head office restructuring costs of £0.9m, dilapidation costs of £1.0m, right of use and fixed asset impairments of £5.1m and £0.6m of refinancing costs in relation to securing the working capital facilities. Discontinued operations in the prior period relate to the closure of our Asian joint venture operation.

Balance sheet

The Group balance sheet at 31 January 2021 includes net assets of £9.5m (2020: £29.1m) inclusive of closing net borrowings of £(1.3)m (2020: net funds of £8.1m).

Inventory levels reduced to £23.7m (2020: £28.8m) largely reflecting increased stock provisioning with regards to excess Summer stock at the end of H1. However, concerted effort has been made to reduce the H2 Winter season buy and to reassign a number of Summer 20 lines to Summer 21 where appropriate.

Trade and other receivables have decreased to £17.9m (2020: £19.5m) due to the contraction of wholesale orders as a direct result of COVID-19 lockdowns. Trade and other payables have remained broadly flat at £21.5m (£21.2m), despite the reduction

in Winter '20 and Summer '21 inventories, reflecting close cost management and the extension of payment terms with landlords and product suppliers through active negotiation.

The right of use non-current asset, relating to the value-in-use of future lease rentals has reduced to £6.6m (2020: £17.9m) reflective of a contracting store portfolio and a current year impairment of £4.9m (2020: £1.0m) recognised as a direct consequence of the impact of COVID-19 on retail profitability.

Cash flow

Combined UK and US working capital facilities of £20m were secured in the second half of the financial year to support the Group's foreseeable future cash requirements.

The trading operations of the Group only utilised cash of $\mathfrak{L}(2.2)$ m (2020: cash generation of $\mathfrak{L}(5.7)$ m) during the year, despite reduced profitability as a result of the impact of COVID-19, being reflective of tightly managed working capital including negotiated supplier payment extension terms.

Cash outflows from investing activities of £1.3m (2020: £2.2m) include capital expenditure of £0.2m (2020: £1.1m) relating to ecommerce platform improvements and store and head office restructuring costs of £1.1m (2020: £1.1m) relating to the closure of seven stores as well as the targeted reduction in operational and transactional staffing costs as a direct consequence of the impact of COVID-19 on trading and cash resource. Headcount has been reduced by 25% year-on-year. We continue to target the closure of non-contributing stores and expect to close more in the current year.

Cash inflows from financing activities of $\mathfrak{L}0.5m$ (2020: outflow of $\mathfrak{L}(11.4)m$) in the current year is inclusive of $\mathfrak{L}6.5m$ of working capital facility loans received net of $\mathfrak{L}5.2m$ (2020: 11.4m) of IFRS 16 lease liability rental payments and interest reflecting the negotiated rent discounts and deferrals achieved during the year. In addition, $\mathfrak{L}0.8m$ was expensed in the current year with regards to securing the combined working capital facilities and servicing the related debt interest.

Taxation

The total Group tax charge for the year was $\mathfrak LNil$ (2020: $\mathfrak LNil$). The Group has unused tax trading losses with a potential value of $\mathfrak L21.0m$, of which $\mathfrak L16.5m$ has not been recognised in these financial statements. These tax losses 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.

Brexit

The Group has implemented some in-house operational and logistical changes in order to adapt to the post-Brexit trading environment, in particular, with regards to the delivery of product to EU wholesale and ecommerce customers. However, it is not anticipated that this will have a significant impact on the Group's future trading, although the changes come with some additional costs.

COVID-19 Coronavirus

The full year results were significantly impacted by COVID-19 and the lockdown restrictions imposed during this period, both in the UK and globally. Further details are presented in the COVID-19 statement on page 8.

Continued

Going Concern

In the prior year Annual Report for the year ending 31 January 2020, the Directors declared significant doubt about the ability of the Group and parent company to continue as a going concern. This was primarily due to uncertainty over whether funding could be secured before the existing cash resources were eroded due to the uncertainty on when normal trading would resume as a direct result of the COVID-19 pandemic.

The strategic report describes the Group's and parent company's financial position, cash flows and borrowing facilities as well as principal risks and uncertainties facing the Group.

The Group secured a two-year £15 million asset based working capital facility with Hilco Capital on 24 July 2020. 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 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 financial statements and include the forthcoming renewal of the UK credit facility in July 2022.

Although all scenarios discussed below are within the current working capital facility available, the Directors acknowledge that the UK facility expires in July 2022 and will need to be renewed or alternative similar funding be secured. The Board is confident of securing an extension of existing or similar funding beyond the current expiration date. In assessing the renewal of the credit facility in July 2022, the Directors have considered initial discussions with the current financier; multiple options for financing when initially sought; and the general economic conditions and market's propensity to lend.

As part of the Going Concern and Viability Statement review, the Board has prepared and reviewed the FY22 detailed Budget and for outer years FY23-FY26, the Long Range Plan. The FY22 Budget was prepared on a detailed bottom-up basis and for the years FY23- FY26 on a more strategic high-level basis. The plan has been prepared by each respective business channel: wholesale, retail, ecommerce and licensing and by separate geographies: UK, North America and Rest of the World.

A 'Base' Case budget has been prepared representing the scenario management expects most likely to occur. Under this scenario, the maximum borrowing position will be $\mathfrak{L}11m$ over the next 12 months.

Within the Base Case, there is an assumed level of recovery in FY22 versus FY21 across all revenue streams which is based on management's current view of how we expect both French Connection and the economy to recover once lockdown restrictions are lifted. Where appropriate we have benchmarked FY22 Budget to FY20 levels, noting that the Group's trading position will not reach FY20 levels for some time and reflecting that trading conditions remain significantly below pre-COVID 19 levels for the next 12 months. For UK Retail, we have assumed all stores reopen from April 2021 and do not assume any further lockdowns. In FY22 Wholesale is underpinned by

current order books for Summer '21 season and current expectations of Winter '21 orders order based on initial conversations with customers. Ecommerce has a less pronounced level of recovery as this revenue stream has been the least impacted by the pandemic. For outer years in the LRP from FY23, management have assumed more moderate levels of revenue growth.

The base case budget has been further sensitised under two additional scenarios: 'most likely worst case' and a 'reverse stress test' which is based on a pre-defined outcome of the business being no longer viable in which the borrowing requirements exceed the current maximum facility occurring in November 2022. Sensitivities have been performed on year-on-year turnover growth rate assumptions, targeted gross margin %s, overhead growth/savings and licensing growth. The most likely 'worst' case scenario forecasts a net borrowing requirement that does not exceed the maximum facility available over the five-year long range plan.

Under the 'most likely worst case' scenario, the Board believes that the combined secured £20 million UK and US asset based working capital facilities are expected to be sufficient to cover the Company's foreseeable future cash requirements, which will cover at least 12 months from the date of approval of these financial statements.

The Board is also of the opinion that the current formal sale process of the Company and its resulting outcome will not have any impact on the availability of the existing working capital facilities and therefore does not affect the going concern basis of these financial statements.

Having undertaken a rigorous assessment of the financial forecasts, particularly in the context of COVID-19 and their assessment of high likelihood of renewal of the UK credit facility in July 2022 as discussed above, the Board has therefore concluded that it is appropriate to prepare the Group and parent company financial statements on a going concern basis.

The strategic report, from pages 2 to 21, has been reviewed and approved by the Board on 28 April 2021.

By order of the Board

Lee Williams

Chief Financial Officer 28 April 2021

Notes:

- 1. Underlying Operating result excludes adjusting items (Note 9) and discontinued operations (Note 3).
- 2. LFL or "Like-for-Like" sales growth is defined as the year-on-year sales growth for owned stores and concessions open more than one year, including ecommerce revenues, removing the impact of closed stores and reported in constant currency.
- 3. Constant Currency (CCY) is calculated by translating the year ending January 2021 and January 2020 at a consistent rate to remove the impact of exchange rate fluctuations (Note 28).
- 4. Underlying overheads consist of LFL store overheads.
- 5. Adjusting items include provisions for bad debts, store and head office restructuring expenditure, dilapidation costs, impairment provisions and other professional fees (Note 9).
- 6. Continuing operations exclude the discontinued results from the disposed Hong Kong and China joint ventures (Note 3).

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.

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Segment revenue and results	2021 £m	2020 £m
Revenue		
Retail	22.5	46.7
Wholesale	49.0	73.2
Group revenue	71.5	119.9
Gross profit	18.4	45.9
Retail	32.9%	51.0%
Wholesale	22.4%	30.2%
Group gross margin	25.7%	38.3%
Underlying operating (loss)/profit		
Retail	(10.4)	(10.0)
Wholesale	5.0	13.2
Licence income	3.9	5.5
Common and Group overheads	(8.9)	(10.1)
Finance expense	(1.3)	(1.5)
Underlying Group operating loss*	(11.7)	(2.9)
Underlying operating margin		
Retail	(46.2)%	(21.4)%
Wholesale	10.2%	18.0%
Underlying Group operating margin	(16.4)%	(2.4)%
Geographical information	2021 £m	2020 £m
Revenue		
UK/Europe	64.8%	64.7%
North America	33.8%	33.9%
Rest of the World	1.4%	1.4%
Divisional operating (loss)/profit		
UK/Europe	(5.8)	(1.6)
North America	1.1	5.5
Rest of the World	(0.9)	(0.8)
Group overheads and finance income	(6.1)	(6.0)
Underlying Group operating loss*	(11.7)	(2.9)

^{*} excludes adjusting items (Note 9) and discontinued operations (Note 3)

COVID-19 STATEMENT

The 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 ecommerce 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.

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, planning for our stores to reopen 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 renegotiations 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 cash position and the continued expected weak trading environment, we were in active discussions with a number of potential funding partners. On 24 July 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.

The Company will continue to tightly manage its cost base over the coming months and we await better visibility on the speed of the recovery of demand across the different business channels and territories. Although the stores recently reopened, we can only estimate how quickly and to what extent store footfall and therefore sales will recover. This will also impact the rate of improvement within the wholesale channel, though our forward orders are strong.

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.

COVID-19 STATEMENT

Continued

COVID-19 risk and impact

COVID-19 rapidly changed the spending habits of our customers. Retailers were required to close stores which resulted in a greater number of consumers switching to online purchases. Additionally, consumer spending was redirected towards different types of expenditure including casual clothing and homeware, away from business attire and occasion wear. The impacts of the global and regional pandemic included supply chain disruptions, customer demand reductions as well as employee health and wellbeing implications. The outlook for the UK's fashion sector remains uncertain at present although online purchasing activity is only expected to grow.

Our response

From the initial reports of the COVID-19 outbreak, business continuity protocols were invoked which provided a framework to support our response. We have been working hard planning for the stores to reopen ensuring they do so safely and in line with all Government guidance.

Our mitigation strategy

Through our global network of regional offices, we ensured there was regular communication and support for our supplier base. We also worked with our wholesale partners to minimise returns and mitigate cancellation risks as far as possible. During these negotiations we at all times considered the importance of our long-standing and valued relationships with suppliers and contractors, attempting to balance their needs with ours, wherever possible.

The business monitored events and government announcements in each of its territories in order to put plans for reopening in place at the earliest possible time, always placing the health and safety of colleagues and customers ahead of all other considerations. Our first priority was to ensure that each store could meet or exceed local health and safety regulations. We ensured that stores and colleagues were fully equipped with all necessary PPE, cleaning materials and other equipment such as sneeze screens before any reopening, following local government guidelines at all times. We also implemented safety measures and relevant policies in our offices.

The following key actions have been undertaken to manage the impact of the pandemic on our business:

- following government guidance by closing stores and head offices
- keeping our employees, customers and communities safe
- introducing appropriate recommended hygiene measures
- ensuring operational activities have been adapted
- engaging with all relevant stakeholders (government, partners, advisers, suppliers)
- increasing frequency of Board meetings throughout the crisis, monitoring and responding to events on a weekly hasis
- successfully implementing home working for head office employees
- engaging with landlords to manage rent obligations and property costs
- taking decisive action to reduce our cost base and cash commitments including the furloughing of employees in line with local government schemes and reacting to government initiatives such as business rate and tax payment deferrals
- Implementing internal risk policies: COVID-19 Health & Safety Policy, COVID-19 Workplace Guidance Policy and COVID-19 Visitor Policy.

Whilst the effects of the pandemic are still being felt and the long-term impact on consumer behaviour and the economy remains uncertain, the Company has also focussed on the long-term opportunities ahead for the Group. French Connection will continue to monitor and respond to further changes as required in the months ahead.

NON-FINANCIAL INFORMATION STATEMENT

French Connection Group PLC aims to comply with the new Non-Financial Reporting Directive requirements contained in sections 414CA and 414CB of the Companies Act 2006. The table below sets out where relevant information can be found in the Annual Report together with an overview of our relevant policies and standards.

Reporting requirement	Relevant section	Page Reference	Policies and Standards
Business model	Our Business	13	
Principal risks	Principal risks and uncertainties Viability statement	16 25	
Environmental matters	Environmental, Social and Governance	19	Recycling Carbon emissions
Employees	Environmental, Social and Governance	21	Staff handbook Equal opportunities Whistleblowing Health and safety Staff training
Social matters	Environmental, Social and Governance	21	Charitable donations
Human rights	Environmental, Social and Governance	20	Supplier guide Modern slavery related policies
Anti-corruption and anti- bribery matters	Environmental, Social and Governance	21	Anti-bribery policy
Group Anti-facilitation of Tax Evasion	Environmental, Social and Governance	21	Tax Evasion Policy
Group Share Dealing Code	Environmental, Social and Governance	21	Securities Dealing Policy

S172(1) STATEMENT

Statement by the Directors in performance of their statutory duties in accordance with s172 (1) **Companies Act 2006**

The Directors of French Connection Group PLC consider that they have behaved in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole (with regards to the stakeholders and matters set out in s172 (1) (a to f) of the Companies Act) in the decisions taken during the year ended 31 January 2021.

French Connection's governance framework is conducive to Board-level decisions being made with stakeholder interests and the longer-term, in mind.

Specific matters and how the Board of Directors have promoted the success of the business for the benefit of its members in accordance with s172 are summarised below:

Matters	Matters for discussion	How the Board considered S172	Actions	Key Stakeholders
Interests of the Group's employees	Employee reviews and appraisals, Gender Pay Gap reporting	Our employees are fundamental to the success of the business. We aim to be a responsible employer in our approach to the pay and benefits that our employees receive and ensure that we adhere to all statutory employee health and safety standards.	We have worked hard to keep all of our colleagues informed, engaged and supported while we have been working remotely and while our stores were temporarily closed. We also recognise the importance of diversity and inclusion and listening and reacting to the input of our employees. The business also provides Gender Pay Gap reporting.	Employees
Operational changes due to COVID-19 pandemic	The pandemic caused unprecedented disruption to our business impacting trading operations and cash flows	The decisions made by the Board were key to the Group's approach in response to COVID-19. The Board actively engaged with senior management to create a working plan to best navigate the business through this period and at all times focussed on the best interests of key stakeholder groups including employees, customers, suppliers and our shareholders.	Our stores were closed in line with government advice and store and head office staff were appropriately furloughed. Senior management were consulted and actively engaged in key decision making. Board and Committee meetings continued virtually throughout the lockdown period. COVID-19 risk mitigation strategy can be found on page 8.	Employees Shareholders Suppliers Partners Customers
Brexit	Mitigation strategies with regards to Brexit	The Board identified and effectively responded to the challenges of a post-Brexit environment including logistic and supply chain issues, volatility in currency and labour market and additional regulatory responsibilities.	A Brexit steering committee was established with weekly meetings including the Directors and senior management from finance, logistics and IT. A detailed plan of action was created and implemented. Key shareholders were informed of Brexit impact under effective supplier and customer engagement.	Employees Shareholders Suppliers Partners Customers
Reducing costs and driving efficiencies	Likely consequences of any decision in the long term	The Board focussed on the long- term sustainability of the business, including the prioritisation of cash preservation, in particular, from the impact of COVID-19.	New working capital credit facilities were secured during the current year ensuring the future of the Group. Annually, the Board undertakes a review of the Company's strategy, including the budget for the forthcoming year and the long range plan for the next five years. Once approved, the plan and strategy form the basis for financial budgets and resource and investment decisions. Both input to the budgets and output in terms of decision making involves both the Board and senior management. In making decisions concerning the business plan and future strategy, the Board has regard to the interests of various stakeholders and the consequences of its decisions in the long-term. During the last year and as a result of the impact of the pandemic, the business reduced variable costs where possible and reduced both store and head office headcount following an employee restructure review.	Employees Shareholders
Sustainability	More focus on implementing new policies and supporting a sustainable approach	The Board took into consideration the increasing demand on sustainability from our customers and shareholders including focus on issues such as waste regulation membership, recycling and carbon emissions.	Key focus was on establishing new policies and communicating these to our suppliers and employees in compliance with relevant regulations. Environmental issues are an important focus of the business. The Directors regularly review the raw materials sourced to manufacture the products and the related transportation and packaging. Recycling and reducing carbon footprint is widely encouraged throughout the supply chain and amongst employees.	Employees Shareholders Suppliers Partners Customers Communities

S172(1) STATEMENT

Continued

Matters	Matters for discussion	How the Board considered S172	Actions	Key Stakeholders
Effective employment engagement	Continuous focus on effective engagement with our employees through new policies and systems	Our design-led culture continues to evolve and our employees are key to our business. French Connection continues to find ways to engage with our employees and the Board plays a key role in implementing and maintaining the culture of the business.	We ensure that all employees, customers and suppliers are treated consistently and do not suffer discrimination, harassment, bullying or victimisation in any form. We have implemented a new policy management system which was approved by the Board which ensures that all employees remain updated and well informed about our latest policies. The Board also approved the implementation of a new whistleblowing hotline system that can enable our employees to feel supported and listened to by the business.	Employees
Effective supplier and customer engagement	Need to foster the Company's business relationships with suppliers, customers and others	The Board considered the engagement with customers and suppliers. They have been a key focus during the past year, so that they can continue to deliver, work and shop safely. The Board has ensured that all investors are informed of the impact the virus and Brexit had on our business.	We are committed to securing strong working relationships with both our suppliers and customers to accentuate the performance of the Group. We have published an internal 'Supplier Guide' which focuses on working with suppliers who adhere to acceptable employment, industry and environmental practices. Harbouring good retail and ecommerce customer relations is a key area of focus which is supported by regular retail employee training workshops and customer feedback surveys.	Suppliers Customer Partners
Relationship with the Members of the Company	Need to act fairly between members of the Company	The Board is committed to openly engaging with our shareholders, whether with institutional investors or private shareholders. It is important that shareholders understand our strategy and objectives	The Board of Directors have regular meetings with shareholders. Reference: relations with shareholders (page 28), controlling shareholder relationship agreement (page 25).	Shareholders
Business Conduct	Desirability of the Group maintaining a reputation for high standards of business conduct	Our Board's intention is to behave responsibly and ensure that management operate the business in a responsible manner and within high standards of business conduct and good governance.	The Group has processes in place to monitor new regulations and compliance requirements that might impact the business. Corporate governance compliance. Audit and remuneration committees. Non-executive Director Board appointments. FTSE market regulation compliance. Reference: Corporate Governance Board statements (page 27).	Employees Suppliers

Business objectives, strategy, and business model

At the heart of our business is a passion for the clothes. In 1972, when French Connection was created, we set out to create well-designed, stylish clothing that appealed to a broad market. We have since worked hard to build on that vision and as a result, French Connection is synonymous with fashion and style. Through this we aim to generate increased shareholder value through the sale of fashion products and the extension of our brands into their lucrative markets through licencing.

It remains our prime goal to create distinctiveness in a crowded market place through focus on design. The brand's strength lies in balancing new, exciting ideas with consistent quality and affordability and in a world of "fast fashion" we are proud of our commitment to the creative process.

We continually assess markets and relationships for new opportunities to broaden our customer reach.

Founded by Chairman and Chief Executive Stephen Marks, French Connection's long history of trading has been based on design quality and innovative fashion, supported by a strong market presence resulting in one of the most highly recognised and respected clothing brands in the UK and across the world. We seek to ensure that products are presented for sale in contemporary surroundings by knowledgeable and friendly staff who are in-tune with our customers. We recognise that our products are the core element of our business and that our ability to produce fashionable clothing to match our customers' expectations has been, and continues to be, the key to our continued success.

We seek to ensure that our resources are deployed effectively and efficiently to support our business. Design and production of the ranges and maintenance of our operating standards are paramount for all our business managers who have broad responsibility for their area of operations.

We have an established strategy for a long-term development. In our strategy we focus on the following:

1. Unique brand

French Connection is a design led British brand, creating distinctive products across womenswear, menswear, accessories and home for the modern lifestyle.

2. Multi-channel business model

We developed a multi-channel business model where we distribute our products to our customers across multiple channels. We believe that this is how our business can remain competitive and dynamic. Our main goal is to provide great experience for our customers however they wish to engage with our brand: e-commerce, wholesale, stores, concessions and licensed products.

3. Increased focus on customer value

We provide standout products and great experiences for our customers across all channels as well as communicating with them through relevant and engaging content. We firmly believe we have capacity to further grow our brand's customer base both in the UK market and in the international market.

4. Focussed business operation

We have a great team and great culture. We enabled remote working in our offices during the last year due to COVID-19 which has created a more collaborative working environment.

5. Focus on design skill

Since its creation in 1972, French Connection has enthused a passion for design and continues to deliver timeless affordable quality. Innovation remains at the core of the brand and all designs are created and developed from the head office in Camden, London.

Brands

Our principal brand is French Connection which accounts for 92% of the Group's revenues.

The French Connection brand operates in the fashion-orientated market place offering a fashion-forward range of quality products at affordable prices. Our customers, typically aged 18-35, appreciate that the brand is at the leading edge of high street fashion and offers quality and style in its products. French Connection designs, produces and distributes branded fashion clothing, accessories and homeware for men, women, and children to more than 50 countries around the world through its main distribution channels: retail stores, ecommerce, wholesale and licensing.

Our other brands include:

Great Plains: a fashion basics range for women designed in-house. Available on-line and supplied through wholesale to multi-brand retailers; and

You Must Create (YMC): an, edgy, contemporary fashion brand for men and women available on-line, in three London stores and a growing wholesale base.

Each brand targets a different audience and has achieved high levels of recognition for style and design reflecting the creative passion and skill poured into the design and manufacture of their products.

Continued

Worldwide operations

Region	Location	Territories	Retail operations	Wholesale customers	Licensing	Brands
UK/Europe	London Düsseldorf	UK, Europe, Middle East	Retail stores and concessions, ecommerce		Product and country licensing	French Connection, Great Plains, YMC
North America	New York	USA	Ecommerce	Department stores, multi- brand stores	Product licensing	French Connection, Great Plains, YMC
	Toronto	Canada				French Connection
Rest of World	Hong Kong	Australia, Asia		Brand licensees, concessions, department stores	Product licensing	French Connection

Retail locations

		31 Janua	31 January 2021		ry 2020
		Locations	sq ft	Locations	sq ff
Operated locations					
UK/Europe					
French Connection	Stores	26	71,385	31	79,768
French Connection/Great Plains	Concessions	38	35,097	45	40,418
YMC	Stores	3	1,805	3	1,805
		67	108,287	79	121,991
North America					
French Connection US	Stores	-	_	2	9,102
Total operated locations		67	108,287	81	131,093
French Connection licensed and f	ranchised				
UK/Europe		1	1,100	2	2,553
North America		1	2,346	1	2,346
Middle East		2	1,614	7	11,678
Australia		146	70,282	148	75,013
Other		11	10,802	15	11,446
Total licensed and franchised loca	tions	161	86,144	173	103,036
Total branded locations		228	194,431	254	234,129

Continued

Our operations

We design, produce and distribute branded fashion clothing and homeware from our business premises in London, New York, Düsseldorf, Hong Kong and Toronto. We operate retail stores and concessions in the UK and Europe and also operate ecommerce businesses in each of those territories as well as North America. Further, we wholesale our products to retailers operating in over 50 countries around the world and have licensed partners operating French Connection stores across Asia, Australia and the Middle East.

Our design teams are based in London and we arrange for the products to be manufactured in specialist third party factories in Europe and Asia supervised by local buying offices. The main countries where manufacturing takes place are China, India and Turkey. More information regarding our supply chain, working practices and impact on the environment can be found in the Corporate Social Responsibility statement.

The Group retails garments through a network of stores on high streets and in shopping malls across the UK and Europe and through concessions within department stores such as House of Fraser. We also operate ecommerce channels in the UK, Europe and North America. The product ranges are also offered for sale at wholesale through our showrooms in London, New York, Düsseldorf and Hong Kong to selected customers operating department stores, multi-brand fashion stores and ecommerce sites around the world.

To further extend retail distribution we have granted franchises and licences to quality retailers allowing them to operate French Connection branded retail stores in Europe, the Middle East, Asia and Australia. These customers are supplied through our wholesale channels in the UK and Hong Kong.

Brand extensions

Our globally recognised French Connection brand has been extended successfully into complementary licensed products including men's and women's toiletries and fragrances, shoes, watches, jewellery, eyewear and furniture. Our Design and Licensing teams work closely with branded partners to develop and enhance product for sale.

Current trends

The continued growth of multi-channel retailing is a clear focus for French Connection. We will continue to invest in the people and systems to support this growth opportunity to ensure our customers can shop with us however they wish and get the very best multi-channel experience. The success of our CRM system is an example of this investment.

Continued

Principal risks and uncertainties

The Board recognises there are a number of risks and uncertainties that face the Group. The following highlights some of the principal risks:

Risk	Impact	Mitigation
Fashion and design	Our success depends on our ability to produce ranges of garments which are attractive to potential customers.	We seek to achieve this through retention of experienced and skilled designers and merchandisers and by remaining as operationally flexible as possible particularly in relation to our supply chain and up front commitments.
		Each year the brands produce two main seasonal fashion ranges and the success of each of these is largely dependent on the ability of our designers to reflect attractively the emerging trends in fashion. We utilise a mix of experience and fresh thinking in our design studios under the consistent guidance of the senior management to ensure continuity of the brand attitudes.
Brand and reputational risk	Our brands and the way they are perceived in their respective markets is very important to us.	We are very protective of the brands and work to ensure that they are presented in appropriate ways and that they are not misused. A main driver for brand perception is the products themselves and therefore our reputational risk is closely linked to our sales success. We understand the risk and the potential damage supply chain activities may hold such as human rights or environmental impacts. This is considered as part of the corporate and compliance responsibilities which is detailed on page 20.
Macroeconomic factors	The nature of fashion retail means that it is not always possible to predict customers' reactions to each season's new ranges. Our customers' propensity to spend on clothing is also affected by their personal financial situation and other macroeconomic factors which impact the total size of the retail markets in which we operate.	We consider that as a small operator at the upper end of the middle market the impact on our business of macroeconomic elements is considerably smaller than the impact of the success of our designers in producing attractive products.
Brexit	Brexit introduces significant risks to our business. Reduction in consumer spending, delays on goods crossing borders, shortage of labour particularly in distribution centres.	The Group considers the principal risk factors to be macroeconomic uncertainty leading to a downturn in the UK economy, trading restrictions with friction at the borders, the imposition of tariffs, further exchange rate volatility, recruitment issues and other recruitment concerns. Tariff increases or trading restrictions are mitigated through the Group's suppliers predominantly being located outside of the EU. The likely contraction in the labour market is considered a minor risk to the group, with no senior positions currently held by non-UK EU citizens and only around 7% of store staff being EU employees. The Group has communicated across the
		organisation the steps and procedures required to assist any EU citizens to take advantage of the EU Settlement Scheme to remain in the UK following the transition period.
		The Group has implemented changes to its logistics and supply chain in order to expedite delivery of products into the EU, in particular with regards to wholesale and ecommerce customer deliveries.
		Advice continues to be sought to ensure continued compliance with relevant UK and EU regulations. The Board will continue to monitor Brexit developments and assess the potential impact.

Continued

Risk	Impact	Mitigation
Supply chain	The Group is exposed to supply chain operational risk if product is not delivered in a timely fashion, to specification or in appropriate quantities.	The Group's supply chain is diversified across a number of suppliers in different countries. Our buying offices and production teams work closely with suppliers to mitigate these risks.
Infrastructure	The design process and our retail businesses in particular have a significant proportion of fixed costs giving rise to operational gearing and this is exacerbated by upward-only rent reviews.	To mitigate cost pressures, we are constantly focused on store operating cost efficiencies, and have already achieved considerable savings by optimising our rostering timetables in store and actively managing our store estate, and exiting stores where the opportunity is economically available to us.
Financial risks	The Group is exposed to financial risks including currency, interest and liquidity.	The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its cash position on a regular basis through the use of regularly updated cash flow forecasts and believes that with the recently secured working capital facilities, there will be sufficient net funds and facilities available.
		As a wholesaler we also face the risk of default from our customers and manage this through active relationship management by our dedicated customer accounts team. We also insure certain overseas debt risk.
		Our experience of bad debts historically has been very low due to this close management. However, recent bad debt write offs have been due to the challenges facing all retailers around the globe and mainly relate to customers of many years standing who we have tried to support through the challenging times. Where there have been poor payment history we try to limit our exposure.
		The principal treasury risks to the Group arise from exchange rate fluctuations. The Board has approved policies for managing these risks, which are reviewed on a regular basis. However, the Group is naturally hedged for a significant part of its business and has limited exposure to foreign exchange rate fluctuations.
IT	The Group is dependent on reliable IT systems for managing and controlling its business and for providing efficiency and speed in the supply chain.	Our IT function oversees all the systems and has a number of policies and procedures to protect the software, hardware and data and to prevent unauthorised access to the systems. Work is ongoing to bring the documentation relating to these processes up to date, though the basic procedures are believed to be sound having not suffered any catastrophic failures in the past 12 months.

Continued

Risk	Impact	Mitigation
COVID-19 Coronavirus	The Group is exposed to risk on a number of levels:-	Our mitigation strategy can be found in the COVID-19 Statement on page 8.
	Manpower – absence by a large number of employees due to sickness simultaneously may result in the inability to carry out day to day processes.	
	Supply Chain – stock not being available to be sold due to delays in production.	
	Customers – poor footfall in stores and those of our wholesale customers impacts demand and ultimately sales.	
Corporate Compliance and Responsibilities	The increasingly broad and stringent legal and regulatory framework for retailers creates increased pressure on business performance and requires regular operational changes to maintain compliance. Non-compliance may result in fines, criminal prosecution, litigation or additional investment to rectify breaches and it can have an impact on our reputation and financial results.	The business has relevant policies and procedures, including human rights, modern slavery, data protection, cyber security, anti-bribery and corruption and health and safety. The policies are reviewed annually. The business has an in-house legal team. We also have proactive engagement with regulators and legislators.

The Group's approach to the management of risks is further discussed in the Corporate Governance Statement.

Key Performance Indicators

The key performance indicators are monitored by the Board on a regular basis. The Board considers that the key performance indicators for the businesses are:

- UK retail LFL sales growth;
- Sales achieved in the wholesale channels;
- Sales by geography;
- Gross margin %;
- Underlying operating profit/loss;
- Inventory levels; and
- Cash generation.

Each of the above is discussed in more detail in the Chairman's Statement and Financial Review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board recognises that the long-term profitability of the business depends, amongst other things, on appropriate protection of the Group's assets, reputation and brand names and is subject to the long-term sustainability of the supply chain.

ENVIRONMENT

Our approach and actions

Climate change is widely regarded as one of the greatest global environmental challenges that society faces and we take our responsibilities in this area seriously. We are working to reduce the direct impact of its business operations on the natural environment. French Connection remains committed to minimising the environmental impacts by reducing both the carbon intensity of our activities and the natural resources we use. We reduce, reuse and recycle. The use of resources to manufacture and supply our products utilise finite global resources. The source of the raw materials and the manufacture of the finished products is spread globally and provides employment, income and personal security at many different points in the process. We recognise, however, that our products utilise global resources some of which are limited in their nature.

Some of the initiatives we have implemented include:

- In the UK, the business meets its responsibilities under the packaging waste regulations through membership of Valpak;
- Wooden hangers are sourced from sustainable sources and we do not give them away with the products;
- Reduction in packaging materials for finished goods i.e. no plastic banding, no inner cartons;
- Plastic returnable tote bins for shipping to our own UK stores to reduce cardboard;
- Plastic and cardboard waste is collected from our UK stores and head offices for recycling;
- In our US operations, corrugated cartons are re-used whenever possible and ultimately recycled using a band machine so they are crushed into bails for collection;
- Donation of end of life stock to local and national charitable organisations; and
- Received GoGreen Certificate from our transportation and logistics partner

Energy and carbon report for French Connection Group PLC for the year ended 31 January 2021

Carbon emissions	Tonnes of CO ₂ e 2021	Tonnes of CO ₂ e 2020	Tonnes of CO ₂ e 2021 (UK only)	Tonnes of CO ₂ e 2020 (UK only)
Emissions from				
Scope 1 (vehicles, fugitive emissions, gas)	113	143	91	115
Scope 2 (electricity)	994	1,844	392	848
Scope 3 (travel)	8	30	8	30
Total footprint	1,115	2,017	491	993
Underlying energy (kWh)	2,449,285	N/A	1,969,208	N/A
Group chosen intensity measurement	£m	£m	£m	£m
Turnover	71.5	119.9	40.9	68.7
Emissions reported above per £m of turnover	16	17	12	14

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Continued

The greenhouse gas (GHG) emissions report is in line with UK mandatory reporting requirements, set out by the Department for Environment, Food and Rural Affairs (DEFRA).

The mandatory requirement is for the disclosure of scope 1 and 2 emissions only. We have captured all material qualifying emissions from around the Group. Some extrapolation and estimation techniques have been used to calculate the Group CO2e in respect of less than 5% of our stores and the final month of our data.

The reported sources fall within our consolidated financial statements. We do not have responsibility for any emission sources that are not included in our consolidated financial statements. We have computed our emissions using the DEFRA

Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance issued in June 2013.

Our total GHG footprint in line with these guidelines is 1,115 tonnes CO2e (2020: 2,017 tonnes).

During the year, with our stores closed during lockdown periods and most colleagues working from home, our direct business operations were materially reduced resulting in a significant reduction in our Green House Gas emission across this period. The decrease in our footprint has also been supported by our continued targeted reduction in our retail portfolio during the year.

SOCIAL Modern Slavery

The Board has considered the Modern Slavery Act 2015 and is publishing annually a 'Modern Slavery Statement' on its website. The statement sets out the actions taken by the Group and the steps going forward to aim to prevent modern slavery from its business and supply chains. Our suppliers are asked to confirm their approach to eliminating modern slavery as part of our supplier approval process. French Connection is committed to ensuring it maintains high ethical standards and due diligence processes are in place which aim to prevent modern slavery and human trafficking in its supply chain. Our business is further committed to building knowledge and awareness on human rights for all of our colleagues and suppliers; encouraging them to speak up about any concerns without fear of retribution, the outcomes of which also enable us to comply with legislation and the expectations of our shareholders. Our relevant policies are helping to ensure these goals.

Policies we implemented to tackle modern slavery:

- Anti- Bribery Policy
- Anti Slavery and Human Trafficking Policy
- Responsible Cotton Sourcing Policy
- Human Rights Statement

Supply chain

The Group has always used third party manufacturing facilities around the world but has specifically avoided suppliers or regions where the employment or environmental practices are known to be below acceptable standards. The Group requires all of its product suppliers to abide by its guidelines contained in the Group Supplier Manual. Our staff visit the factories we use for garment production on a regular basis and consider the environment and work practices during those visits, however due to COVID-19, currently our ability to formally audit the facilities is very limited. Our Group Supplier Manual and the employment standards required of our suppliers accord with industry standards including inter alia that employees should: be given a safe and healthy environment to work in; be given the right to free association; be paid a fair wage; not be forced or bonded labour; be of an appropriate age; and work only reasonable hours.

The Board recognises that it is not possible to provide absolute assurance that standards expected of our suppliers are adhered to. Where transgressions are identified we would work with the supplier to develop an appropriate remediation programme. However we will not hesitate to stop using any supplier who we identify is persistently operating in contravention of our standards or failing to implement agreed remediation programmes.

The Group does not support the use of animals in testing and challenge our suppliers on this matter – our glycerine soaps as an example, do not contain any animal derived ingredients and are suitable for use by vegetarian and vegans.

The Group publishes its supplier payment practices in line with UK government 'Duty to Report on Payment Practices and Performances' legislation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Continued

People

We are committed to providing equal opportunities for all of our employees. We ensure that every employee, without exception, is treated equally and fairly and that all employees are aware of their responsibilities. We have completed gender pay gap reporting which can be viewed on our website in line with the UK government requirements. Our focus remains on closing the gender pay gap where it exists.

The breakdown of the gender of Directors and employees at the end of the financial year is as follows:

	Men Number 2021	Women Number 2021
Company Directors	3	1
Other senior managers	5	2
All other employees	135	480
Total	143	483

Notes:

Company Directors consist of the Company's Board.

Other senior managers is as defined in The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and includes: i) persons responsible for planning, directing or controlling the activities of the Company, or a strategically significant part of the Company, other than Company Directors; and ii) any other Directors of undertakings included in the consolidated accounts.

The business complies with locally applicable health and safety regulations in the countries in which it operates. This includes the provision and maintenance of safe environments for our employees, appropriate design of our stores, health and safety training for appropriate personnel, electrical installation reviews, risk assessments and risk monitoring in our offices, stores and warehouses.

Health and Wellbeing

French Connection takes all reasonable and practicable steps to safeguard the health, safety and welfare of its employees. We recognise our responsibility for the health and safety of those who may be affected by our activities, and take care to operate in a safe and secure manner.

We run cycle to work, company bonus and pension and childcare voucher schemes in the UK for our employees. We also offer sample sale and employee discount.

GOVERNANCE

Tax

The Board is committed to ensuring full compliance with the law and making all tax payments on a timely basis.

The Board is committed to ensuring that openness, honesty and transparency will be paramount in all dealings with the tax authorities and other relevant bodies.

Compliant with the UK Criminal Finances Act 2017, our Tax Evasion policy sets out the Company's zero tolerance approach to tax evasion and details how staff members are expected to act to ensure no tax evasion takes place. The policy also contains guidance on how to recognise tax evasion and how to approach tackling it.

Our Group Share Trading Policy outlines how we expect staff to transact in the dealing of French Connection securities in order to ensure that do not misuse, or put themselves at risk of suspicion of misusing information about the Company that is not public.

Compliant with the UK Bribery Act 2020, our Anti-Bribery Policy sets out the measures in place to eliminate bribery and/or corrupt activities from our companies. The policy can be found on our website.

BOARD OF DIRECTORS

Stephen Marks Chairman and Chief Executive	Stephen founded the Company in 1969 and has managed the Group's development since then in the position of Chairman and Chief Executive.
Neil Williams ACA Chief Operating Officer	Neil joined the Group from KPMG in 1992 and was appointed to the Board in May 1994. He is a qualified Chartered Accountant and has filled a number of operational roles within the Group primarily focused on the wholesale, international and licensing businesses.
Lee Williams ACMA, CGMA Chief Financial Officer	Lee joined French Connection in April 2016 from ASOS, the global online fashion destination, where he was Director of Finance. Prior to that he was CFO of the WorldStores and Kiddicare businesses and Head of Financial Planning and Analysis at BrightHouse Group Plc. He spent the majority of the earlier part of his career at Wm. Morrison Supermarkets Plc and Kingfisher Plc in various senior finance roles. He also spent 4 years working for PwC Consulting with Retail assignments in the UK, US and Central Europe. Lee has amassed a wealth of commercial and financial retail experience, in both traditional multisite operations but also, importantly, online. He is a member of the Chartered Institute of Management Accountants.
Sarah Curran MBE Non-Executive Director	Sarah was appointed to the Board on 19 September 2017. She was Managing Director of VeryExclusive.co.uk. until 2017. Sarah started her career as a newspaper sub-editor and then went on to open Powder, a designer fashion boutique in North London. In 2006 Sarah set up the luxury online retailer My-Wardrobe.com making it one of the worlds most respected online fashion sites. Sarah was awarded an MBE for her services to British Fashion in 2013. In 2014 she began working with Shop Direct on a project to make luxury fashion accessible to more people, resulting in the launch of VeryExclusive.co.uk in February 2015. Sarah actively supports new talent and women in business and sits on a number of judging panels as well as mentoring aspiring entrepreneurs through the Mentor MatchHER initiative. Sarah is also a valued Patron of the British Fashion Council and is a judge of the 2017 British Fashion Awards.
Neil Page, FCMA, CGMA Non-Executive Director	Neil was appointed to the Board on 29 March 2021. He was CFO of Carpetright plc for over 10 years until 2019. Neil began his career with British Rail and Marks and Spencer. He joined Superdrug in 1991, holding a variety of finance and operational positions before taking up the role of Finance and IT Director for AS Watson (Health & Beauty) UK Ltd in July 2002. He is a Fellow of the Chartered Institute of Management Accountants. Neil is Chairman of the Audit Committee and a member of the Remuneration Committee.

DIRECTORS REPORT

The Directors of French Connection Group PLC ("the Company") present their Annual Report for the year ended 31 January 2021.

Principal activity

The Group designs and supplies branded fashion clothing, homeware and accessories as more fully described in the section entitled Our Business.

Business review

The principal operating subsidiaries of the Group for the period under review were French Connection Limited, French Connection UK Limited, French Connection (London) Limited, French Connection Ecommerce International Limited, YMC Limited, French Connection Group, Inc., French Connection (Hong Kong) Limited and French Connection (Canada) Limited.

The Companies Act requires that the Directors' Report contains a fair review of the business and a description of the principal risks and uncertainties facing the Group. A review of the business strategy and a commentary on the performance of the business is set out in the Strategic Report. The principal risks facing the business are detailed in the section entitled Our Business and the corporate and social responsibilities of the Group are outlined in the Environmental, Social and Governance Section. The Corporate Governance Statement may be found on page 26. The disclosures contained in those reports form part of this Directors' Report.

Fair, balanced and understandable

The Board has considered the regulatory changes impacting corporate reporting and Executive remuneration and believes this Annual report and Accounts complies with these changes taking into account emerging best practice. Notably the Board has determined that the 2021 Annual Report and Accounts, taken as a whole is fair, balanced and understandable. In making this assessment the Board considered the following:

- whether the Annual Report and Accounts provide a balanced view of the Group's performance and prospects, appropriately weighting set-backs and key risks;
- whether the report accurately and clearly describes the Group's business model, strategy and accounting policies;
- whether narrative reporting in the front of the report is consistent with the financial reporting;
- whether important messages, policies transactions and changes are clearly highlighted and explained within the report, and not obscured by unnecessary detail;
- whether the governance section clearly explains the way the board operates and makes decisions; and,
- whether the language and the presentation of the report is clear and user-friendly.

Following their review, the Board is satisfied that, taken as a whole the report provides the information necessary for shareholders to assess the position, performance, strategy and operating model of the Group and Company in accordance with the Code requirements.

Dividend

The Directors are recommending that no dividend should be paid for the year (2020: £Nil).

Directors

The Directors of the Company are set out in the Board of Directors on page 22.

In accordance with the Articles of Association the Directors will retire and offer themselves for re-election at the AGM, with the exception of Robin Piggott who resigned during the year and is therefore not seeking re-election. Neil Page will be standing for election as this is the first AGM following his appointment to the Board. The Board considers that the Directors continue to make a major contribution to the strategy and operations of the Group and therefore recommends their re-election. Details of the Directors' remuneration and contracts are set out in the Directors' Remuneration Report.

The Board has considered all the factors which might compromise the independent judgement of the Non-Executive Directors at the year end and concluded there were none. The Board therefore considers Ms Curran and Mr Page to be independent of the Company.

At 31 January 2021, none of the Directors or their families held any beneficial interests in the issued capital of the Company other than Stephen Marks whose shareholding is disclosed below in the Directors' Remuneration Report.

There have been no changes in the Directors' interests in the shares of the Company since the end of the financial year.

The Company maintains an appropriate level of Director and officer liability insurance cover and, through the Articles of Association and Directors' terms of appointment, has agreed to indemnify the Directors against certain liabilities to third parties and costs and expenses incurred as a result of holding office as a Director. Save for such indemnity provisions in the Company's Articles of Association and in the Directors' terms of appointment (which were in force throughout the period and are in force as at the date of these financial statements, there are no qualifying third party indemnity provisions in force.

Significant shareholdings

As at 28 April 2021 the Company is aware of the following substantial interests in its ordinary shares:

	Shares	Percentage of Issued Share Capital
Stephen Marks of which:	40,094,190	41.5%
held in family trusts	1,506,500	
- held by family members	775,000	
Apinder Singh Ghura	24,518,465	25.4%

Contractual arrangements

The Company has no contractual or other arrangements which are essential to the business of the Company nor any key customers or major suppliers on which it is dependent.

Business Relationships

Our directors foster great business relationships with all of our stakeholders. Further information on the matter is included in the s172 Statement on page 11.

DIRECTORS REPORT

Continued

Employees

It is the Group's established practice that all employees have access to their immediate superiors and ultimately to the Chief Executive to discuss matters of concern to them as employees and that the views of employees are sought and taken into account in making decisions which are likely to affect their interests.

Furthermore the Group seeks to encourage both the involvement of employees in its performance and a common awareness on the part of all employees of factors affecting its performance. The Group provides equal opportunities to all employees and prospective employees including those who are disabled.

Carbon emissions

The Group has disclosed carbon emissions data within the Environmental, Social and Governance Section on page 19.

Property, plant and equipment

The changes in intangible and tangible fixed assets during the year are set out in Notes 13 and 14 to the Group accounts.

Financial instruments

The financial instrument policies are set out in Note 28 to the Group accounts.

Joint Ventures and overseas branches

The Group's two 50:50 Joint Ventures, which operated retail stores in China and Hong Kong, ceased trading during the prior year. Both joint ventures were managed by committees with equal representation from the members. The Group's share of the results of these joint venture businesses are included in the financial statements within discontinued operations. The Group has trading branches in Ireland, Holland, Spain and Portugal and representative buying offices in India, Turkey and Poland. All of the operating activities of these operations are fully consolidated within the PLC financial statements.

Charitable and political donations

Charitable donations of £11,649 (2020: £4,730) were made during the year. No political donations were made in either current or prior years.

Share capital and control

The share capital of the Company comprises ordinary shares of 1p each; each share carries the right to one vote at general meetings of the Company. The issued share capital of the Company, together with movements in the Company's issued share capital during the year, are shown in Note 24.

The rights and obligations attached to the Company's shares, in addition to those conferred on their holders by law, are set out in the Articles of Association. The holders of ordinary shares are entitled to receive all shareholder documents, attend and speak at general meetings of the Company, exercise all voting rights and to receive dividends and participate in other distributions of assets.

The Company is not aware of any agreements between shareholders restricting the voting rights or the right to transfer shares in the Company. The rules about the appointment and replacement of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time. The powers of the Directors are determined by legislation and the Articles of Association of the Company in force from time to time. Powers relating to the issuing and buying back of shares are included in the Company's Articles of Association and shareholder approval of such authorities may be sought, if considered appropriate by Directors, at the Annual General Meeting.

The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover.

Takeovers directive

Section 992 of the Companies Act 2006, which implements the EU Takeovers Directive, requires the Company to disclose certain information. Most of these requirements are dealt with elsewhere in the Annual Report, however the following additional disclosures are required:

The Company's Articles of Association may be amended by special resolution of the shareholders.

The Board of Directors is responsible for the management of the business of the Company and may exercise all the powers of the Company subject to the provisions of the relevant statutes, the Company's Memorandum and Articles of Association. The Articles contain specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the issuing of shares are also included in the Articles and such authorities are renewed by shareholders each year at the AGM.

There are a small number of agreements that take effect, alter or terminate upon a change of control of the Group following a takeover, such as shareholder agreements with the minority shareholders in certain subsidiaries and the Company share option schemes. None of these is deemed to be significant in terms of their potential impact on the business of the Group as a whole.

Going concern

In the prior year Annual Report for the year ending 31 January 2020, the Directors declared significant doubt about the ability of French Connection Group PLC to continue as a going concern. This was primarily due to uncertainty over whether funding could be secured before the existing cash resources were eroded due to the uncertainty on when normal trading would resume as a direct result of the COVID-19 pandemic.

The Group secured a two year £15 million asset based working capital facility with Hilco Capital on 24 July 2020. 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 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

DIRECTORS REPORT

Continued

positioned to navigate an extended period of uncertain consumer demand.

The Board believes that the combined secured £20 million UK and US asset based working capital facilities are expected to be sufficient to cover the Company's foreseeable future cash requirements, under the 'most likely worst case' scenario. The Board has therefore concluded that it is appropriate to prepare the Group financial statements on a going concern basis.

Additional details regarding the going concern and viability statement review are highlighted in the Financial Review on page 6.

Viability statement

In accordance with the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group over a longer period than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of five years which is deemed to be a more demanding period over which to provide the Group's viability statement. The period is consistent with the Group's forecasting process which considers annually and on a rolling basis a five year strategic plan. In making this statement, the Directors have carried out a robust assessment of the Group's current position and prospects, the principal risks facing the business including COVID-19, the impact of sensitivity analysis and stress-testing on its five year plan and the effectiveness of any mitigating actions. The principal risks are identified in the 'Principal risks and uncertainties' section within 'Our Business' of the Annual Report. The assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period. The Board considers that the 5 year US funding secured in November 2020, coupled with the UK funding secured during the first lockdown in July 2020 for an initial period of two years, ensures the viability of the Group in the Directors' 'most likely worst case' scenario in the next five years. As disclosed in our going concern assessment on page 6, new UK funding will need to be renegotiated or existing funding will be renewed prior to July 2022 to support the Group's on-going working capital requirement for the period of five years. The Directors are confident of successfully refinancing after this initial period as a result of multiple lending options being made available from various lenders at the time of securing the current financing. After taking into account the above matters, the Directors have reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for the five-year period ending January

Post balance sheet events

There are no post balance sheet events.

Controlling shareholder

In order to comply with the Listing Rules 9.8.4R (14) (a) relating to controlling shareholders, a relationship agreement has been executed between French Connection Group PLC and Stephen Marks. The Directors confirm that the Company has complied with the independence undertakings set out in the relationship agreement during the period (9.8.4R (14) (c) (i)) and the Directors confirm that, so far as the Company is aware, Mr Marks and his associates have complied with the independence undertakings set out in the relationship agreement during the period (9.8.4R (14) (c) (ii)). This paragraph sets out all information required by Listing Rule 9.8.4R that is applicable to the Company during the period.

Disclosure of information to auditors

The Directors who were members of the Board on the date the Directors' Report was approved have confirmed the following:

- to the best of each Director's knowledge and belief there is no information relevant to their report of which the auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to take to be aware of relevant audit information and to establish that it has been communicated to the auditor.

Auditors Resolutions to reappoint Mazars and to authorise the Directors to determine the auditor's remuneration will be proposed at the 2021 AGM.

AGM

The AGM of the Company will be held at 11.00 am on 15 July 2021 and a Notice of Meeting has been sent to shareholders setting out details of the business to be conducted.

Explanatory notes on all the business to be considered at this year's AGM appear on page 94 of this document.

By order of the Board

Lee Williams

Company Secretary

28 April 2021

Chairman's Governance Overview

French Connection Group is committed to ensuring high standards of corporate governance to enhance performance and protect the interests of our shareholders. The Board recognises the importance of corporate governance in ensuring the long term success of the business.

This part of the Annual Report outlines French Connection Group's corporate governance arrangements, the principal activities of the Board and its Committees throughout the year, how the Board has complied with the principles and provisions of the UK Corporate Governance Code 2018 which was released in July 2018 (the "Code"). The Board acknowledges that its corporate governance arrangements must be kept under constant review so as to reflect best practice and the changing nature of the business.

Compliance with the UK Corporate Governance Code

The Board is responsible for ensuring compliance with the Code and fully supports the principles of good governance as set out in the Code, which is publicly available on the FRC's website (www.frc.org.uk).

COVID-19

In addition to its economic impact, the COVID-19 pandemic has presented unique governance challenges. Full information about the COVID-19 impact on our business and how we mitigated the risk can be found in our COVID-19 statement on page 8.

Except as identified and explained below, the Board considers that it has complied with all relevant principles and related provisions of the Code throughout the year ended 31 January 2021 and from that date up to the date of publication of this Annual Report.

Stephen Marks

Chairman

Continued

Board Statements

Requirement	Board Statement
Compliance with the Code	The principal corporate governance rules which applied to the Company in the year under review were those set out in the UK Corporate Governance Code 2018 published by the Financial Reporting Council ("FRC") in July 2018 (the "Code"), the UK Financial Conduct Authority ("FCA") Listing Rules and the FCA's Disclosure Guidance and Transparency Rules. The Board fully supports the principles of good governance as set out in the Code, which is publicly available on the FRC's website (www.frc.org.uk), and its application of the Main Principles are set out on pages 27 to 31. Save as identified and explained in this report, the Board considers that throughout 2020 it complied with the principles and related provisions of the Code.
Going Concern Basis	The Board believes that the combined secured £20 million UK and US asset based working capital facilities are expected to be sufficient to cover the Company's foreseeable future cash requirements, under the 'most likely worst case' scenario. The Board has therefore concluded that it is appropriate to prepare the Group financial statements on a going concern basis.
Viability Statement	The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.
Robust assessment of the principal risks facing the Group	The Board has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
Annual review of systems of risk management and internal control	The Board confirms that it has reviewed the effectiveness of the Company's risk management systems and internal controls and found them to be appropriate for the Group.
Fair, balanced and understandable	The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
Modern Slavery Statement	The Board has implemented a Modern Slavery Policy which we have communicated to staff. The Board is confident that as a result of the Group's management and reporting structure, there are no such practices taking place. Our Modern Slavery Statement is published on page 20.
Health and Safety	The Board recognises that the control of all health and safety matters arising from our activities is an essential feature of our operations and ensures it meets its civil and statutory obligations.

Board meetings

During the year, the Board met 7 times; all meetings were fully attended by the Board members with the exception of 3 meetings at which Stephen Marks was absent. During the first lockdown the Board also held weekly meetings to review the impact on the business of COVID-19, including discussions with the Audit Committee regarding going concern and the Group's financial reporting and relevant disclosures. Key strategic and operational matters considered and decisions taken by the Board during the year included the following:

- Approval of the 2021/22 annual budget and forecasts
- Approval of the 2020 Annual Report and associated responsibility statements
- Approval of the viability and going concern statements
- Review and approval of the Group's strategy, including the potential sale of the Group
- · Review of the internal controls and risk management
- Approval of the Group's 2021 interim results

The Board also intend to meet nine times over the next year with ad hoc meetings called as and when circumstances require it to meet at short notice. An annual calendar of agenda items has been drawn up to ensure that all matters are given due consideration and are reviewed at the appropriate point in the regulatory and financial cycles.

Principles A to E (Board Leadership and Company Purpose)

Leadership

The Board is currently composed of the Chairman and Chief Executive Officer, two Executive Directors and two independent Non-Executive Directors. Each of the Non-Executive Directors chair one of the two Committees of the Board and therefore have specific responsibilities. A short biography for each Director is set out on page 22. Robin Piggott resigned on 24 August 2020. The business actively recruited for a replacement Non-Executive Director following Robin's resignation and Neil Page was recently appointed in March 2021.

Role of the Board

The Board's composition and responsibilities are outlined in a formal schedule of matters specifically reserved for its decision. Matters reserved include approving the strategic plans and annual capital and revenue budgets; reviewing significant investment proposals and the performance of past investments and maintaining an overview and control of the Group's operating and financial performance; and monitoring the Group's overall system of internal controls, governance and compliance and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives. The Board is assisted by the Audit, Remuneration and Disclosure Committees, the terms of reference for these Committees are available on our website.

Continued

The Board is collectively responsible for promoting the longterm success of the Group by providing effective leadership and strategic direction to the Group as a whole. Additional details regarding actions taken by the Board to generate and preserve value over the long-term can be found in the s172 statement on page 11.

The Board pays due regard to the views of shareholders and other stakeholders in establishing strategic priorities and oversees the delivery of these priorities in a way that enables sustainable, long-term growth, whilst also balancing risks through a framework of effective controls. The Board is also responsible for corporate governance and overall financial performance of the Group. All Directors are required to devote sufficient time and commitment to their role.

Effectiveness

A formal Board evaluation by the Directors was coordinated by the Company Secretary during the year addressing key areas of Board composition, effectiveness and operation. The review concluded that meetings run well and are effective, with good relationships between members and open debate.

Culture

The culture of the business, led by the Chief Executive, is one of detailed involvement and a need for speedy reaction times. Stephen Marks has led this culture and defined the character of the business throughout its existence. The Board believes that, in partnership with the executive team and senior management, they are focused on the success of the Group in its business strategy, whilst also ensuring good governance.

Accountability

The Board acknowledges its responsibility to provide a fair, balanced and understandable review of the business' financial position and prospects. The Board has reviewed the principal risks and has ensured that robust internal controls and effective risk management systems are in place to mitigate identified risks. The Board also provides a statement affirming the long-term viability of the Group which can be found on page 27.

Relations with shareholders

The Board remains committed to explaining our strategy, business model and performance to shareholders. Our Executive Directors meet regularly with investors and analysts and are supported, where appropriate by our Non-Executive Directors. The Company values its dialogue with both institutional and private investors. Communication with shareholders is generally conducted through one-to-one meetings with the Executive Directors and the Non-Executive Directors if requested. Meetings typically occur shortly after the announcements of half-year and full year results. The opinions expressed by shareholders are gathered by the Company Broker and passed directly to the Board.

The AGM and the resolutions proposed for consideration at the meeting are another focus of communication with shareholders. All shareholders have at least 20 working days' notice of the Annual General Meeting at which all Directors who are available to attend are introduced and are available for questions. Where possible, all shareholders are welcome to attend the Company's Annual General Meeting and to arrange individual meetings by appointment. The views received at such meetings

are fed back to the Board. The level of proxy votes received are considered carefully by the Board and published on the Group's website with details of any proposed Board action where significant votes were cast against a specific resolution. There were no resolutions at the most recent AGM in 2020 whereby 20% or more of the votes were cast against the Board recommendations.

Workforce policies and practices

The Board recognises the importance of the Group's responsibility to conduct its business with honesty, integrity, fairness and respect. The culture established by Stephen Marks and the senior management is to expect a high standard of behaviour from everybody working for the Company. The Board has approved a suite of policies, procedures and training that outline how we operate and support and embed our expectations.

The Board has considered the risks associated with the issues raised by the Bribery Act 2010 as part of the broader review of risks faced by the Group and has reviewed the processes and controls in place to prevent offences under the Act.

The Company also offers a confidential, whistleblowing hotline for any employee wishing to report any concern that they feel is inappropriate to raise with their line manager. All whistleblowing allegations are reported to, and considered by, the Executive Committee and Board. No instances occurred during the financial year.

The Board has considered the Modern Slavery Act 2015 and has accordingly published a 'Modern Slavery Statement' on its website during the year. The statement sets out the actions taken by the Group and the steps going forward to aim to prevent modern slavery from its business and supply chains. Further information about our actions can be found on page 20.

Other key stakeholders

We are committed to securing strong working relationships with both our suppliers and customers in order to accentuate the performance of the Company. We have published an internal 'Supplier Guide' which focuses on working with suppliers who adhere to acceptable employment, industry and environmental practices. Harbouring good retail and ecommerce customer relations is a key area of focus which is supported by regular retail employee training workshops and customer feedback surveys.

Conflicts of interest

There are effective procedures in place to monitor and deal with conflicts of interest, including those relating to significant shareholders and any influential customers or suppliers. Any changes to the time commitments and interests of its Directors are reported to and, where appropriate, agreed with the rest of the Board.

Continued

Principles F to I (Division of Responsibilities)

Role	Name	Responsibility
Chairman	Stephen Marks	The Chairman's primary role is to lead the Board and ensure its effective operation. The Chairman sets the Board's agenda, ensuring adequate discussion takes place for each agenda item and that decisions are made. The Chairman also takes a key role in ensuring open and effective contributions from each of the Directors.
Chief Executive Officer	Stephen Marks	The Chief Executive's role is the day-to-day running of the Group's business which includes the development and implementation of its agreed strategy, decisions made by the Board and operational management of the Group.
Executive Directors	Neil Williams Lee Williams	The Executive Directors' role involves supporting the Chief Executive Officer in the day-to-day running of the Group's business.
Non-Executive Directors	Sarah Curran Neil Page	The Non-Executive Directors are responsible for bringing an external perspective, sound judgement and objectivity to the Board's deliberations and decision making through their constructive challenge of the Executive Directors. The Non-Executive Directors are also required to monitor Group strategy in light of its agreed risk management framework, review the relationship between the Company's external auditors and review remuneration of and succession planning for the Board.

Division of responsibilities

The Code recommends that the Chairman of a listed company should not hold executive powers, and should be 'independent upon appointment' (provision 9). Stephen Marks is both Chairman and Chief Executive Officer, he also founded the Company and is a major shareholder. The Board continues to believe that it is appropriate for Stephen to be both Chairman and Chief Executive Officer due to his in-depth knowledge of the business. Nevertheless, the Board is attentive to the implications of combining the roles and therefore has ensured that safeguards are in place to protect independence and ensure that proper process and controls are followed, these include: the independent judgement of the Non-Executive Directors, effective functioning committees, a schedule of matters reserved for the Board and robust internal controls. Additionally, all the directors are to stand for annual re-election to ensure accountability.

Board operation

The Board operates both formally, through Board and Committee meetings, and informally, through regular contact among Directors. The Board receives regular information from management on the business performance. All Directors are expected to commit sufficient time to their roles as required. As a minimum, Non-Executive Directors commit one day per month.

Independence

The Board periodically reviews its composition and succession planning framework to ensure that appointments create an appropriate mix of skills and experience, and a level of diversity and independence that supports the objectives for long-term growth.

The Board currently has two independent Non-Executive Directors, Sarah Curran, who was appointed on 19 September 2017 and Neil Page who was recently appointed on 29 March 2021. Robin Piggott resigned on 24 August 2020 from his position as Non-Executive Director and the Board actively recruited for the Non-Executive Director position following his departure. Each of the Non-Executive Directors chair one of the two Committees of the Board. The Board has concluded that there would be no benefit in nominating a senior independent

Non-Executive Director at this time (provision 12). Both Non-Executive Directors are utilised as sounding boards for the Chairman and both are available to other Executive Directors or shareholders as necessary.

The Board has considered whether there are any factors that might compromise the judgement of the Non-Executive Directors at the year end and concluded there were none. The Board considers that the Non-Executive Directors, continue to display all of the qualities of independence and are therefore independent of the Company and thus fulfil the requirements of provision 10 of the Code.

Information, support and development

The Company Secretary's responsibilities include ensuring relevant and timely information flows to the Board and between senior management and the Non-Executive Directors. The appointment and removal of the Company Secretary is a matter reserved for the Board. The Company Secretary is responsible, through the Chairman, for advising the Board on all corporate governance matters and for assisting the Directors with their professional development.

Board members are sent board packs in advance of each Board and Committee meeting, and senior executives attend Board meetings when necessary to present and discuss their areas of speciality. Directors are able to obtain independent professional advice at the Company's expense and have access to the services of the Company Secretary.

The training needs of Directors are formally considered on an annual basis and are also monitored throughout the year with training being provided if required. All Directors are given appropriate training and assistance on appointment to the Board and are offered opportunities to update their skills if required.

Directors' conflict of interest

The business has procedures in place to monitor and manage Directors' conflicts of interest. All Directors are required to declare their interests in connected persons and the Company Secretary maintains a register of interest. The Company's Articles of Association permit the Board to authorise declared conflicts of interest. However, no Director has or had any

Continued

interest in any transaction which is or was unusual in its nature or conditions of the Company either during the current or immediately preceding financial year or any earlier financial year.

Appointments

At 31 January 2021, the Board consisted of three Executive Directors, including the Chair and one Non-Executive Director. There was one resignation from the Board during the financial year. Robin Piggott resigned on 24 August 2020 following three years' tenure as a Non-Executive Director. The Board actively recruited for a replacement Non-Executive Director and Neil Page has recently been appointed on 29 March 2021. Non-executive Directors perform a principal role in any changes to Executive Directors on the Board.

There have been no changes to the Executive Directors during the reporting year.

The names of the Directors during the year, their biographies and their respective responsibilities are shown on page 22.

Principles J to L (Composition, Succession and Evaluation)

Board Committees

The Board is supported by Board Committees: the Audit, Remuneration and Disclosure Committee, each of which has access to the resources, information and advice that it deems necessary to enable it to discharge its duties. Those duties are set out in the terms of reference of each Committee, which are available on our website. Membership of each Committee is determined by the Board. The Company Secretary acts as secretary to each Committee. The minutes of Committee meetings are circulated to each Committee member and are presented to the Board.

Nomination Committee

No Nomination Committee was formed during the year (provision 17) due to the size and composition of the Board.

Re-election of Directors

In accordance with provision 18 of the 2018 UK Corporate Governance Code, all of the Directors, with the exception of Robin Piggott, will be seeking re-election at the forthcoming AGM. The Board unanimously believes that each of the Directors continue to make effective contributions and therefore encourage shareholders to support their re-election.

Chair

The Code recommends that the Chairman of a listed company should not hold the post beyond nine years (provision 19). Stephen Marks is both Chairman and Chief Executive Officer, he also founded the Company and is a major shareholder. The Board continues to believe that it is appropriate for Stephen to be Chairman due to his in-depth knowledge of the business. Nevertheless, the Board is attentive to the implications of the length of appointment and therefore has ensured that safeguards are in place to ensure that proper process and controls are followed, these include: the independent judgement of the Non-Executive Directors, effective functioning committees, a schedule of matters reserved for the Board and robust internal controls.

Skills, experience and knowledge

The Board is satisfied that its Directors have an effective and appropriate balance of skills and experience, and there is a suitable balance between independence of character and judgement and knowledge of the Company, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to constructively challenge all matters, whether strategic or operational.

Diversity

The Board is committed to encouraging diversity and inclusion at Board level and amongst its workforce as a whole. This includes diversity of skills and experience, age, gender, disability, sexual orientation, gender identity and cultural background and belief. The Board seeks, through its Diversity Policy, to encourage the recruitment, development and retention of talented staff at all levels. Information about the diversity of our Board can be found on page 22.

Monitoring and improving performance

The Board recognises the need to continually monitor and improve its performance. During the year the Board undertook its annual performance evaluation survey which was co-ordinated by the Company Secretary. The evaluation was based on a questionnaire which addressed the following key areas: Composition, processes, behaviours and activities. The questionnaire asked the Directors to score performance in each of these areas and also provided an opportunity to raise other issues. The responses were compiled and provided to the Chairman. That Board evaluation concluded that the Board was working well, considering the right topics on a timely basis and with an appropriate level of challenge.

Principles M to O (Audit, Risk and Internal Control)

Audit Committee

As recommended by the Code (provision 24), the Board has established an Audit Committee. The Audit Committee comprises the two Non-Executive Directors, Neil Page who is Chair of the Committee, and Sarah Curran. The Company's auditors and the Chief Financial Officer attend by invitation. The Committee met twice during the year in March 2020 and January 2021 and each meeting was fully attended. Neil Williams, Chief Operating Officer, also attended the meeting in January 2021 in the absence of a second Non-Executive Director whilst the vacant position was being recruited. The key role of the Audit Committee includes:

- monitoring the integrity of the financial statements including the review of significant financial reporting judgements
- advising on whether the Annual Report and accounts are fair, balanced and understandable
- reviewing the Company's internal financial controls and risk management systems
- considering annually whether there is a need for an internal audit function
- conducting audit tender process and approving external auditor remuneration and terms of engagement
- reviewing external auditor's independence

Continued

- · reviewing effectiveness of external audit process
- approving external auditor non-audit services

Further details on the work of the Audit Committee is included in the Audit Committee Report on pages 32 to 34.

Internal control and risk management

The Board, supported by the Audit Committee, confirms that there are ongoing procedures in place for identifying, evaluating and managing significant risks faced by the Group and that these have been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The procedures have been reviewed on an ongoing basis throughout the year by the Audit Committee and in accordance with the requirements of the UK Corporate Governance Code.

The Board conducts an annual review of the major risks affecting the business and the effectiveness of the system of internal control. These principal risks and uncertainties are highlighted within 'Our Business' section of the Annual Report on pages 13 to 18. The Board is also closely monitoring the potential impact of Brexit and preparing for possible eventualities.

The culture of the business results in the Executive Directors being closely involved in managing the business at a detailed level. This provides a high degree of direct monitoring of risks and control processes, conducted against the background of a culture of integrity, quality and high levels of communication. This is supported by reviews of daily, weekly and monthly detailed analyses of the performance of the business, the key performance indicators associated with the trading risks facing the Company and the detailed operational results.

Tax

Board level oversight of tax matters is part of the Company's tax risk governance process. All significant tax matters are reported to the Board by the Chief Financial Officer and tax matters are governed by the Group tax strategy.

Fair, balanced and understandable

The Board has considered the regulatory changes impacting corporate reporting and Executive remuneration and believes this Annual report and Accounts complies with these changes taking into account emerging best practice. Notably the Board has determined that the 2021 Annual Report and Accounts, taken as a whole is fair, balanced and understandable. Further details are highlighted in the Directors' Report on page 23.

Going concern and viability statement

Having reviewed the cash forecasts and the sources of cash funding available to the Group, the Board has concluded that the Group has a reasonable expectation to continue in operational existence for a period of one year from the date of this report. The Directors have also assessed the viability of the Company over a longer period than the 12 months required by the 'Going Concern' provision. The Board conducted this review for a period of five years which is deemed to be a more demanding period over which to provide the Group's viability statement. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities as they fall due for the term of the assessment period. Further details are highlighted in the Directors' Report on page 24.

Principles P to R (Remuneration)

Remuneration

As recommended by the Code the Company has established a Remuneration Committee. The Committee comprises the two independent Non-Executive Directors, Sarah Curran, who is Chair of the Committee, and Neil Page. The Chief Financial Officer attends by invitation. The Committee met twice during the year and each meeting was fully attended. Neil Williams, Chief Operating Officer, also attended the meeting in January 2021 in the absence of a second Non-Executive Director whilst the vacant position was being recruited.

The role of the Remuneration Committee is to set, review and recommend French Connection Group's overall Remuneration Policy and review and monitor its implementation. The Remuneration Policy is inclusive of all employees including Directors and senior management. The policy can be found on page 36 under Remuneration Report section.

Remuneration of Non-Executive Directors is determined by the Board. Further details of the work of the Remuneration Committee and Directors' remuneration is included in the Directors' Remuneration Report on pages 35 to 41. We were pleased to have received 99.92% of votes in favour of the Directors' Remuneration Report for the financial year ended 31 January 2020.

By order of the Board

Lee Williams

Company Secretary

28 April 2021

AUDIT COMMITTEE REPORT

Introduction from the Audit Committee Chair I am pleased to present the Audit Committee Report for the year ended 31 January 2021 following my recent appointment as Non-Executive Director and Chair of the Audit Committee.

Firstly, I would like to thank Robin Piggott for his contribution to French Connection during his three year tenure as Non-Executive Director. Robin resigned from his position on 24 August 2020. I would also like to thank my fellow Non-Executive Director, Sarah Curran, for ably deputising as Interim Chair of the Audit Committee during the Audit Committee meeting in January 2021. I am committed to focusing on using my financial and commercial expertise to ensure the Committee fulfils its duties properly.

The Audit Committee is responsible for ensuring that the financial integrity of the Group is effective, through the regular review of its financial performance. It is also responsible for ensuring that the Group has appropriate risk management processes and internal controls, and that the external audit process is robust. I explain in more detail the Committee's activities in this report.

The Committee fulfils a vital role in the Company's governance framework, providing valuable independent challenge and oversight across the Company's procedures. The Audit Committee provides effective governance over external financial reporting, risk management and internal controls and reports its findings and recommendations to the Board. Ultimately, the Committee ensures that shareholder interests are protected and the Company's long-term strategy is supported which is a crucial task especially during the COVID-19 crisis. In my capacity as Chair of the Audit Committee, I am pleased to report on the operations of the Committee during the past year, with emphasis on the specific matters we have considered, including compliance with the UK Corporate Governance (the Code) and associated Guidance on Audit Committees. I confirm that we have fully complied with the audit related requirements of the Code. Significant risk issues identified are referred to the Board for further consideration.

Neil Page

Chair of the Audit Committee

Membership and remit of the Audit Committee

The Committee considers financial reporting and reviews the Group's accounting policies and annual statements. In particular, any major accounting issues of a subjective nature are discussed by the Committee.

The Committee also reviews audit activity including the recommendation to the Board regarding the appointment of the external auditor, their remuneration and scope of work, including non-audit services.

The Audit Committee is also responsible for considering the independence, objectivity and effectiveness of the external auditor, for monitoring the level of non-audit services provided by the external auditor and for assessing the effectiveness of the risk management process.

In accordance with Code provision B1.1, at the date of the 2021 Annual Report, the Audit Committee comprises two independent Non-Executive Directors: Neil Page and Sarah Curran. Robin Piggott resigned as Non-Executive Director on 24 August 2020. During the period between Robin Piggott's resignation and the appointment of Neil Page on 29 March 2021, the Group comprised one independent Non-Executive Director whilst the Board actively searched for a replacement.

The Board understands that the UK Corporate Governance Code considers a Non-Executive Director to be independent if they have served on the Board for less than nine years. The Board acknowledges that both Neil Page and Sarah Curran are independent Non-Executive Directors and that Robin Piggott was independent during his tenure in the financial year. In accordance with Code provision C3.1, the Board considers that Neil Page has significant, recent and relevant financial experience. Biographies of all of the members of the Audit Committee, including a summary of their experience, are set out on page 22 of these accounts.

The Audit Committee normally meets at least three times a year. Audit Committee meetings are also attended by the Chief Financial Officer, who is Secretary to the Committee and by invitation members of the Group Finance team and Partner and other senior staff of the external auditor. The Committee met twice during the financial year in March 2020 and January 2021 and each meeting was fully attended. Neil Williams, Chief Operating Officer, also attended the meeting in January 2021 in the absence of a second Non-Executive Director whilst the vacant position was being recruited.

Terms of reference

The terms of reference of the Audit Committee are available on the Company's website. Significant risk issues identified are referred to the Board for further consideration.

The Audit Committee is authorised by the Board to review any activity within the business. It is authorised to seek any information it requires from, and require the attendance at any of its meetings of, any Director or member of management, and all employees are expected to co-operate with any request made by the Audit Committee.

AUDIT COMMITTEE REPORT

Continued

The Audit Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Chair of the Audit Committee reports to the subsequent Board meeting on the Committee's work and the Board receives a copy of the minutes of each meeting.

Significant issues considered by the Audit and Risk Committee

The Committee considered the significant accounting issues, matters and judgements in relation to the Group's financial statements and disclosures for the year ended 31 January 2021. As part of the full year reporting process, management present a Financial Review to the Committee, and the external auditors are asked to also comment on the key areas of accounting judgement and disclosure. The information presented is used by the Committee to critically review and assess the key policies and judgements that have been applied, the consistency of policy application from year to year and the appropriateness of key disclosures made, together with compliance with the applicable accounting standards.

After discussion with both management and the external auditor, the Committee determined that the key audit matters in relation to the Group's financial statements related to:

Valuation of Right of Use assets

The Group Financial Controller presented a summary of the residual right of use asset value of each leased property at the year-end and its respective forecast future cash generation and the resulting impairment to be recognised in relation to the stores whereby the unavoidable costs of meeting the obligations under the lease contract exceeded the anticipated economic benefits. A separate methodology for assessing outlet stores in comparison with 'full-price' stores was also highlighted.

The Committee interrogated management regarding the key assumptions and calculations and was satisfied that these were sufficiently robust. The Committee advocated the accounting treatment of the right of use asset impairment in the year as separately identifiable to trading revenue and expenses and to be reported separately from the underlying operating result. The Committee agreed with management that impairments of £4.9m were appropriate to be recognised in the current year.

Inventory valuation

A summary of the Group's accounting policy in respect of inventories was presented and any changes in valuation or provisioning methodology from the previous year were highlighted.

The Committee interrogated management regarding the key assumptions and calculations and was satisfied that these were sufficiently robust.

Parent Company valuation of Investments

A summary of the Group's accounting policy in respect of the carrying value of the investments in the Parent Company financial statements was presented including the rationale and methodology for the current year impairment.

The Committee agreed with management that a current year impairment of $\mathfrak{L}19.6m$ was appropriate due to the significant losses generated by the Group during the year as a result of Covid-19 and that management's approach in respect of the investment valuation to be based on the Group's net assets was reasonable.

Going concern

Cash flow forecasts were presented including base case, worst case and reverse stress test scenarios with the base case representing the scenario that management expects most likely to occur. The existing working capital facilities were discussed including the high probability of successfully refinancing in July 2022 when the current UK facility ends.

The Committee interrogated management regarding the key assumptions and calculations and was satisfied that these were sufficiently robust and agreed that it was appropriate to prepare the financial statements on a going concern basis.

COVID-19 Coronavirus

During the first lockdown the Board held weekly meetings to review the impact on the business of COVID-19, including discussions with the Audit Committee regarding going concern and the Group's financial reporting and relevant disclosures.

The Committee interrogated management's key assumptions and is satisfied with the current reporting and disclosures within the Annual Report.

Risk management framework

The risk management framework is considered by the Board during the year, and was discussed on an ongoing basis in the Audit Committee.

The Head of IT prepared a Business Systems Risk Review report to the Audit Committee detailing for all business systems the IT risk register, risk ranking, risk mitigation and investment plans. Current issues were identified and proposed resolution plans were highlighted and updates will be communicated to the Committee at future meetings. The Audit Committee supported the approach taken by management to identify and mitigate IT risks.

The Group does not have a separate internal audit function although during the year the Board considered whether there is a need for such a function, and concluded there are sufficient controls in place such that the benefits, when compared to the potential benefits of deploying additional resources in other areas, are not sufficiently clear. Certain elements of internal audit work are conducted or coordinated by the existing finance and accounting functions. These include reviews of financial controls internationally, externally facilitated reviews of procurement transactions and support for system developments between the separate accounting functions. The Audit Committee considered whether there was a need for such a function and concluded that there are sufficient controls in place such that the benefits, when compared to the potential benefits of deploying additional resources in other areas, were not sufficiently clear.

AUDIT COMMITTEE REPORT

Continued

Confidential reporting

The Group's whistle blowing policy enables staff, in confidence, to raise concerns about possible improprieties in financial and other matters and to do so without fear of reprisal. Ultimately, the Company implemented a whistleblowing hotline service which was presented to all employees across the group.

The Audit Committee receives quarterly reports on whistle blowing incidents and remains satisfied that the procedures in place are satisfactory to enable independent investigation and follow up action of all matters reported.

No issues have been reported in the current year.

Financial Reporting Council Review

The Financial Reporting Council's Audit Quality Review team recently completed a review of our auditors, Mazars LLP, audit of the Group's financial statements for the year ended 31 January 2020. The report on the findings from the review was received on 5 March 2021 and has been shared with the Audit Committee.

The audit quality assessment highlighted that a number of improvements were required. We have actively discussed the findings of the Financial Reporting Council review with Mazars LLP and the appropriate actions which are to be taken by Mazars LLP to remedy the issues raised, which included the appointment of a new engagement partner responsible for the audit for the year ended 31 January 2021.

The Audit Committee strategy and timetable was considered and agreed.

Reporting of other matters

All significant insurance claims and incidents of fraud or theft are reported to the Committee.

There have been no significant incidents during the year.

External auditor's independence

The Committee has adopted a policy in relation to the appointment of the external auditors to conduct non-audit services for the Group. Following the appointment of Mazars LLP as external auditors, no non-audit services have since been provided.

In 2020/2021 the ratio of audit to non-audit fees was £1: Nil.

External audit annual assessment

The Chief Financial Officer, and the Audit Committee meet with the external auditors to discuss the audit strategy and any key issues included on the Audit Committee's agenda during the year.

After formal discussion, the Audit Committee considers that the relationship with the auditors is working well and is satisfied with their effectiveness. The Committee was of the opinion that the 2021 Annual Report & Financial Statements are representative of the year and present fair and understandable overview, providing the necessary information for our shareholders.

Annual Statement by the Chairman of the Remuneration Committee

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 January 2021. In my report as Chairman of the Remuneration Committee, I set out the Committee's approach to Directors' remuneration. The Committee's objective is to set a remuneration policy that is clearly understood by our shareholders and employees, and that drives the right behaviour in terms of incentivising Executive Directors to deliver growth in long-term shareholder value.

The Remuneration Report provides a comprehensive picture of the structure and scale of our remuneration framework, its alignment with the business strategy, as well as the decisions made by the Committee as a result of business performance for the year.

There were no substantial changes relating to Directors' remuneration made during the year.

The remuneration of Non-Executive Directors is determined by the Board. The Remuneration Committee considered and approved the contract of employment and remuneration package for both myself and Robin Piggott in accordance with the Group remuneration policy and the details of both are contained within this report.

I would like to thank to our shareholders for their continued support during what has been an unprecedented year.

We are happy to discuss any remuneration matters with shareholders and hope that we can enjoy your support on the remuneration-related resolutions at the 2021 AGM.

Sarah Curran

Chairman, Remuneration Committee

Directors' Remuneration Report

The Directors' Remuneration Report sets out details of the remuneration policy (Section 1) for Executive and Non-Executive Directors, describes the implementation of that policy (Section 2) and discloses the amounts paid relating to the year ended 31 January 2021.

The report complies with the provisions of the Companies Act 2006 and Schedule 8 of The Large and Medium-sized companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. The report has been prepared in line with the recommendations of the UK Corporate Governance Code and the requirements of the UKLA Listing Rules, as well as the GC100 and Investor Group.

The Remuneration Committee comprises the two Non-Executive Directors Sarah Curran and Neil Page. Robin Piggott resigned as Non-Executive Director on 24 August 2020 and Neil Page was appointed on 29 March 2021.

The Chief Financial Officer acts as Secretary to the Committee. The Remuneration Committee did not meet during the year due to the pandemic although weekly Board meetings held during the first lockdown included discussion and consideration of the Directors' and senior managers' remuneration.

When setting the policy for Executive Directors' remuneration, the Committee takes into account total remuneration levels operating in companies of a similar size and complexity, the responsibilities of each individual role, individual performance and an individual's experience. Our overall policy, having had due regard to the factors noted, is to weight remuneration towards variable pay. This is typically achieved through setting base pay, pension and benefits up to market median levels, with a variable pay opportunity linked to the achievement of company and personal performance targets.

In setting remuneration for the Executive Directors, the Committee does take note of the overall approach to reward for employees in the Group and salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce.

We remain committed to shareholder dialogue and take an active interest in voting outcomes. There have been no significant policy changes or other substantial matters which required dialogue with shareholders during the year. If any of the shareholders are opposed to our policy we would endeavour to meet with them to understand and respond to any issues they may have.

Continued

The Committee considers developments in institutional investors' best practice expectations and the views expressed by shareholders during any dialogue. The Committee does not formally consult directly with employees on Executive pay. The Committee believes that our Remuneration Policy continues to provide appropriate flexibility ensuring that any payments made in the implementation of the Policy are in the best interests of both the Company and our shareholders.

Terms of reference for the Remuneration Committee

The terms of reference can be found on the Company's website.

Section 1: Remuneration Policy

The objective of the policy is to ensure it is appropriate to the Group's needs and reward Executives for creating shareholder value. It is the Remuneration Committee's intention to maintain incentive arrangements which are subject to challenging performance targets, reflect the Company's objectives and which motivate executives to focus on both annual and longer term performance.

The Company's policy is:

- to provide remuneration packages for the Executive Directors and other senior managers in the Group which are appropriate to the size and nature of the Group's business and which will attract, retain and motivate high calibre Executives; and
- to balance the fixed and performance-related elements of remuneration appropriately and to provide both short-term and longer-term incentives to achieve the strategic aims of the Group. All current long-term incentives, namely share options, have lapsed as at the year-end.

Structure of remuneration

Element	Purpose and link to strategy	Operation (including maximum levels)	Framework used to assess performance and provisions for the recovery of sums paid
Salary and fees	To provide the core reward for the role Sufficient to attract, retain and motivate high calibre Executives	Basic salaries are reviewed annually, with changes effective from February 1st Salaries are typically set having regard to competitive market practice, each Director's contribution to the business, general inflation rates and the conditions within the Group Salaries may be adjusted and any increase will ordinarily be (in percentage of salary terms) in line with those of the wider workforce Increases beyond those granted to the wider workforce (in percentage of salary terms) may be awarded in certain circumstances such as where there is a change in responsibility, progression in the role, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group Salary levels for current incumbents for the 2021 financial year are as follows: Chairman/CEO: £378,296 Chief Operating Officer: £267,405 Chief Financial Officer: £206,193	The Committee considers individual salaries at the appropriate Committee meeting each year after having due regard to the factors noted in operating the salary policy No recovery provisions apply to salary
Benefits in kind	In line with the Company's strategy to keep remuneration simple and consistent with practices in the market	Executive Directors receive car benefit, medical cover and life cover in line with other senior management Executive Directors also receive personal accident and sickness cover The cost to the Company of providing these benefits may vary from year to year depending on the cost of insuring the benefit	Not applicable No recovery provisions apply to benefits
Pension	To provide post-retirement remuneration and market typical benefits to ensure that the overall remuneration package is competitive	Defined contribution plan with up to 10% monthly employer contributions A cash alternative may be considered	Not applicable No recovery provisions apply to pension benefits
Annual Bonus	To incentivise and recognise execution of the business strategy on an annual basis Rewards the achievement of annual financial, operational and individual goals	Bonuses are capped at 100% of basic salary Bonus payments are proposed to the Board after the end of each financial year and approved by the Committee for payment in March The bonus is calculated using pro-rata base salary if the Director joined the Company during the year If the Director resigns or has his/her employment terminated before the payment date, no bonus will normally be payable	The annual grant of bonuses is based on the financial performance of the Group in relation to initial budgets, prior year performance and market conditions, as well as operational and individual goals No recovery provisions apply to the Annual Bonus as no award has been made in the current year.

Continued

Structure of remuneration continued

Element	Purpose and link to strategy	Operation (including maximum levels)	Framework used to assess performance and provisions for the recovery of sums paid
Long- term incentive plans (LTIPs)	To align the interests of the Executive Directors with the performance of the business and the interests of the shareholders through the use of share option schemes To incentivise and recognise execution of the business strategy over the longer term Rewards strong financial performance	At the discretion of the Board and approval of the Remuneration Committee the Company may issue share options to Directors up to a maximum of two times salary in each year In exceptional circumstances the Board has the discretion to issue options up to four times salary although this power has not been used for more than ten years Options will normally be granted at market value on the date of grant unless otherwise stated in a Service Agreement Options may be granted at a discount to the market value only in circumstances where the grant of options is agreed as part of a recruitment package in which case the exercise price of the option may be determined by reference to the market value on the date on which the individual's employment commenced The share option schemes include an upper limit on the number of shares which can be issued of 10% of the total share capital in any ten year period	Share Awards vest based on three year performance against a challenging range of financial targets Recovery provisions do not apply to the LTIP as they only relate to share options which have now lapsed. Any provisions will be considered in 21/22 in line with provision 37 of the 2018 Corporate Governance code.

The Committee has not applied its discretion during the financial year outside the stated Remuneration Policy.

Any use of the above discretions would, where relevant, be explained in the annual Directors' Remuneration Report and may, as appropriate, be the subject of consultation with the Company's major shareholders.

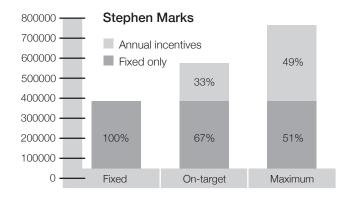
The performance metric that is used for our annual bonus and LTIP is 'Profit before Tax'.

The Executive remuneration policy, both salaries and pension contributions, is broadly in line with other French Connection employees, with the main difference that there is no share scheme below senior Executive level and some variation of benefits offered. Employees are not consulted when determining Directors' remuneration policies.

Any loss of office payment will be approved by the Group Board and Remuneration Committee. Any payment will be made at discretion and on a case-by-case basis. Any payments made beyond contractual and statutory obligations would be exceptional in nature either due to additional obligations taken on by the departing Director or due to specific circumstance and always benchmarked against market practice. When recruitment is necessary, the Committee will aim to structure and agree a package which is in line with the same policies for existing Executive Directors. The Committee may offer incentives when considered to be necessary to secure a candidate and in the best interests of the Company and its shareholders.

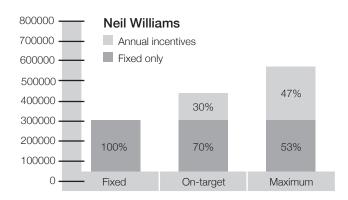
Illustration of application of policy

The tables below represent the variations in remuneration at different levels of performance for the first year application of the remuneration policy for the Executive Directors.

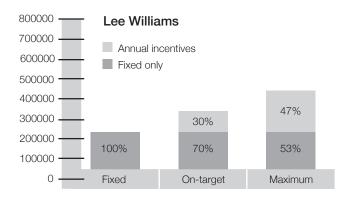


	Dase	Dellelli	Pension	TOTAL		
Fixed (£)	378,296	8,835	0	387,131		
On-target	On-target is assumed to be an annual bonus equal to 50% of maximum					
Maximum	Full payout of annual variable pay i.e. 100% of base salary					

Continued



	Base	Benefit	Pension	Total		
Fixed (£)	267,405	20,546	18,333	306,284		
On-target	On-target is assumed to be an annual bonus equal to 50% of maximum					
Maximum	Full payout of annual variable pay i.e. 100% of base salary					



	Base	Benefit	Pension	Total		
Fixed (£)	206,193	12,161	16,967	235,321		
On-target	On-target is assumed to be an annual bonus equal to 50% of maximum					
Maximum	Full payout of annual variable pay i.e. 100% of base salary					

Executive Director's terms of employment

Neil Williams' service contract is dated 17 April 1996, has an indefinite term, and includes provision for a notice period of twelve months by either party.

Lee Williams' service contract is dated 4 April 2016, has an indefinite term, and includes provision for a notice period of six months by either party.

The service agreements can be inspected at the Group registered office.

Stephen Marks has no service contract.

Non-Executive Directors

Non-Executive Directors have specific terms of engagement and the Board determines their remuneration.

Sarah Curran's terms of engagement are dated 19 September 2017, have an indefinite term and allow for a notice period of one month.

Neil Page's terms of engagement are dated 29 March 2021, have an indefinite term and allow for a notice period of one month.

Our Non-Executive Directors receive total annual salaries of £30,000.

No detailed disclosures have been provided for Non-Executive Directors other than for that relating to their fees, as this is the only form of remuneration the Non-Executive Directors receive.

Section 2: Application of the remuneration policy for 2021

The Executive Directors' salaries were reviewed on 1 April 2021 and were not changed.

The annual bonus for the 2021 financial year will operate on the same basis as for the 2020 financial year and will be consistent with the policy detailed in the Remuneration policy section of this report in terms of the maximum bonus opportunity. The measures have been selected to reflect goals that support the key strategic objectives of the Company.

The Remuneration Committee will exercise their discretion to grant share options according to the Remuneration Policy during the Financial Year 2021 dependent upon the financial position of the Group and the personal contribution of each Executive Director. Currently no share grant is contemplated for the forthcoming year.

Continued

Directors' single figure of total remuneration (audited)

The following table sets out the single figure of total remuneration for Directors for the financial years ended 31 January 2021 and

Director's earnings

Directors' emoluments

Directors emolaments					
Year ended 31 January 2021	Salary & fees £000	Benefits in kind £000	Annual bonus £000	Pension £000	Total £000
Executive Directors					
Stephen Marks	378	9	-	-	387
Neil Williams	267	21	-	18	306
Lee Williams	206	12	-	17	235
Non-Executive Directors					
Robin Piggott*	18	-	-	-	18
Sarah Curran	30	_	_	_	30
	899	42	_	35	976
Year ended 31 January 2020	Salary & fees £000	Benefits in kind £000	Annual bonus £000	Pension £000	Total £000
Executive Directors					
Stephen Marks	378	6	_	_	384
Neil Williams	276	19	_	10	305
Lee Williams	210	12	_	13	235
Non-Executive Directors					
Robin Piggott	30	_	_	_	30
Sarah Curran	30	_	_	_	30
	924	37	_	23	984

^{*} resigned from Board on 24 August 2020

Percentage change in remuneration of Executive Directors

The table shows the percentage change in the Executive Directors total remuneration, which is in line with other Group employees. There was no Group increase in benefits in kind or pension contributions. No annual bonus was paid to the Chief Executive Directors in 2021 (2020: £Nil). Employee annual incentives have not been finalised at the signing date of the Annual Report.

	2021	2020
Chief Executive Officer	0%	0%
Chief Operating Officer	0%	0%
Chief Financial Officer	0%	0%

Relative importance of spend on pay

Remuneration paid to all employees of the Group during 2021 was £21.1m which represented 65% of the total overheads (excluding adjusting items) of the Group (2020: £25.7m (49%)).

The table below shows the total pay for all of the Group's employees compared to distributions. The numbers reported below are gross costs and exclude any furlough contributions received during the year (Note 7).

	2021 £m	2020 £m	% change
Employee costs	21.1	25.7	(17.9)%
Dividends			

Continued

Directors' shareholding and share interests (audited)

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire shares in the Company granted to or held by the Directors. There are currently no share options held by the Directors.

No options were exercised during the year.

The market price of the shares at 31 January 2021 was 10.75p and the range during the year was 3.35p to 22.40p. The average market share price during the year was 8.80p.

Statement of Directors' shareholding and share interests (audited)

	Share options* with performance conditions	Vested but unexercised No.	Shares beneficially owned No.	Total interest in shares No.
Stephen Marks	_	_	40,094,190	40,094,190
	_	_	40,094,190	40,094,190

There are no Director remuneration incentives linked to changes in share price.

Statement of shareholding voting

The results of the vote on the Remuneration Report at the 2020 AGM are set out in the table below.

		\	otes for		V	otes agair	nst	1	otes with	held
		Number		%	Numbe	er	%	Numb	er	%
Remuneration Report		43,634,033		99.92	34,600	0	0.08		0	0.00
CEO remuneration	2012 £'000	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	2018 £'000	2019 £'000	2020 £'000	2021 £'000
Total CEO remuneration	342	352	402	361	371	380	389	395	384	387
Annual variable element award rates against										
maximum opportunity	0%	0%	17%	0%	0%	0%	0%	0%	0%	0%
CEO pay ratio										
Total Remuneration	P25	(lower quartil	e)		P50 (media	an)		P75 (uppe	r quartile)	
2021		22:1			20:1			1	2:1	
2020		23:1			21:1			1	4:1	

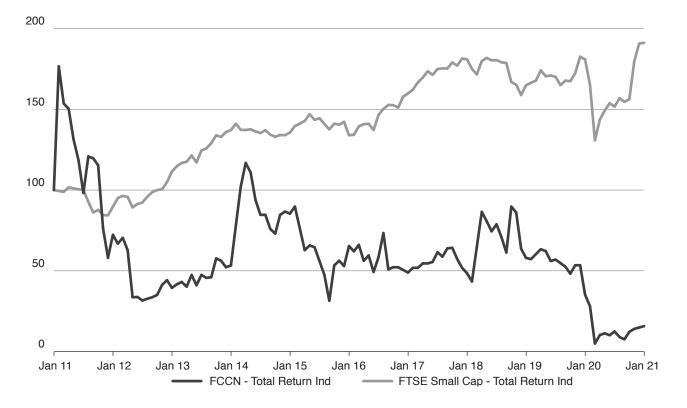
The 2021 total remuneration for the employee identified at P25, P50 and P75 are as follows: £17,975, £19,713, £32,777 (2020: £16,933, £18,695, £26,658). The P25, P50 and P75 employee were determined on 31 January 2021 based on calculating total remuneration for all UK employees for the 2021 financial year. Payroll data from 1 February 2020 to 31 January 2021 has been used. Methodology option A has been adopted and was selected on the basis that it provided the most accurate means of identifying the median, lower and upper quartile employee. Employee total remuneration has been calculated in line with the single total figure of remuneration which has been calculated for each of the 387 (2020: 674) UK colleagues and is inclusive of full time equivalent base pay, bonus, commission, overtime, pension, car allowance and private medical benefit.

Continued

Review of past performance and total shareholder return

This graph below demonstrates the Company's performance, measured by total shareholder return, compared with the performance of the FTSE Small Cap Index also measured by total shareholder return. This index has been selected for the comparison because it reflects the market sector in which the Company is reported. The graph has been compiled on annual data at 31 January of each year.

Total cumulative shareholder return for the ten-year period to 31 January 2021



Approval

This report was approved by the Board of Directors on 28 April 2021 and signed on its behalf by:

Lee Williams

Company Secretary

Company Number: 1410568

28 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer
 and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and
 uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board

Neil WilliamsChief Operating Officer
28 April 2021

Lee WilliamsChief Financial Officer

To the members of French Connection Group PLC

Opinion

We have audited the financial statements of French Connection Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 January 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union; and
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In addition to those matters set out in the "Key audit matters" section below, we identified going concern of the Group and of the Parent Company as a key audit matter.

The Group's accounting policy in respect of going concern is set out in the accounting policy notes on page 55. The Group has been significantly impacted by the Covid-19 pandemic and has suffered significant losses during the year, resulting in external financing being necessary to support on-going cash flow requirements and to support the future of the business. As the economic outlook continues to be uncertain, specifically in relation to the retail sector, there is significant judgement applied in developing the cash flow forecasts, in particular the assumptions relating to revenue growth and financing being made available.

Our audit procedures to evaluate the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern;
- Obtaining and reviewing management's going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions considered
 and the implication of those when assessing the Group's and Parent Company's future financial performance, as described in
 Note 1a Accounting Policies: Going concern;
- Applying our own sensitivity analysis to key assumptions to assess the impact of changes in assumptions on the "most likely worst case" scenario considering the impact of Covid-19;
- · Reviewing the "reverse stress test" scenario and assessing the likelihood of this occurring;
- Reviewing the terms of financing agreements and assessing the forecasted results against any covenants in place to ensure these will not be breached:
- Assessing the working capital credit facilities in place to support the period assessed for going concern, noting that the UK
 facility is due to expire in July 2022. Our assessment included evaluation of the Directors' view that that the renewal of the UK
 credit facility is forthcoming, current usage of the UK credit facility and forecasted working capital requirements within the
 period assessed for going concern;
- Testing the mathematical accuracy and functionality of the excel model used to prepare the directors' forecasts;

To the members of French Connection Group PLC

- Assessing the historical accuracy of forecasts prepared by the directors during the pandemic period;
- · Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Group's and the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and key observations arising from those procedures.

The matters set out below are in addition to going concern which, as set out in the "Conclusions relating to going concern" section above, was also identified as a key audit matter.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter

Group Valuation of Retail Right of Use Assets (ROU assets)

The Group's accounting policy in respect of impairment is set out in the accounting policy notes on page 58. The Directors' disclosure on the 'Accounting estimates and judgements' in relation to impairment of ROU assets is set out within note 31 to the financial statements.

The carrying value of ROU assets at 31 January 2021 is £6.6m (2020: £17.9m), of which Retail ROU assets amount to £1.3m (2020: £12.2m).

The Group has material operational retail asset base (retail stores) subject to impairment dependent on trading performance. As a result of the adverse impact of Covid-19, a significant impairment of £4.9m was recognised in the year in relation to retail store leases.

Due to the significant impact of the Covid-19 pandemic on the retail sector, and judgements used in assessing the recoverable amount of each retail store classed as a CGU, we considered the valuation of any retail ROU assets to be a key audit matter.

How our scope addressed this matter

Our audit procedures included, but were not restricted to:

- Obtaining and reviewing management's impairment assessment:
- Assessing the underlying assumptions behind the impairment model to ensure these are reasonable;
- Reviewing the approach taken on outlet stores to ensure this accurately reflects the purpose of these stores;
- Assessing the impact of changes in the Weighted Average Cost of Capital (WACC) rate to the carrying value of ROU assets, including applying sensitivity analysis;
- Obtaining an understanding of how management had developed their forecast for future trading conditions, comparing the forecasts used in the impairment review with those used for the going concern assessment, and considering the impact of any differences identified; and
- Reviewing the disclosures made in the financial statements to ensure they cover the requirements under IAS 36.

Our observations

Based on the procedures performed, we are satisfied that the carrying value of ROU assets in the financial statements is reasonable.

To the members of French Connection Group PLC

Key audit matters continued

Group Inventory valuation

The Group's accounting policy in respect of the inventories is set out in the accounting policy notes on page 58.

The carrying value of French Connection Group Plc's inventories is £23.7m (2020: £28.8m).

Inventories are carried at the lower of cost and net realisable value, where future sales forecasts for different clothing lines can be subjective due to moving trends in the fashion and clothing industry and the impact of Covid-19.

As a result of the subjective nature of future sale value for different clothing lines due to the impact of Covid-19, and the significance of this balance in the context of the Group financial statements, inventory valuation is considered to be a key audit matter.

Parent Company valuation of investments

The Company's accounting policy in respect of the valuation of investments is set out in the accounting policy notes on page 86.

The carrying value of the Parent Company's investments in subsidiaries is £9.5m (2020: £29.1m), representing 64% of the Parent Company's total assets (2020: 81%). The assessment of recoverability of investments is considered subjective due to the continuing weak retail environment.

As a result of the significance of this balance in the context of the Parent Company financial statements, and indicators of impairment being present due to the impact of Covid-19 in retail sector, valuation of investments is considered a key audit matter.

Our audit procedures included, but were not restricted to:

- Obtaining and reviewing management's inventory provision methodology and calculations;
- Reviewing the mathematical accuracy of inventory provisions;
- Recalculating the inventory provisions for Retail and Wholesale inventory to ensure the provisions had been applied consistently based on the policies in place;
- Agreeing a sample of inventory movements used in the calculation to supporting documentation to validate the accuracy of inventory movements year on year;
- Reviewing the level of sales made during the period of old seasons' inventory;
- Developing our own expectation of inventory obsolescence provision rates based on stock movements to ensure management's applied provision rates are reasonable:
- Re-calculating the aging on a sample of inventory items to ensure they were accurately recorded in the inventory reports used in provisioning; and
- Reviewing the style for a sample of "non-seasonal" inventory to ensure the lack of provision against those items was reasonable.

Our observations

Based on the procedures performed, we are satisfied that the carrying value of inventory in the financial statements is reasonable.

Our audit procedures included, but were not restricted to:

- Understanding the process applied by management in assessing impairment and reviewing management's impairment calculation;
- Assessing the underlying assumptions behind the impairment review to ensure these are reasonable;
- Considering the market capitalisation of the Group when reviewing Parent Company valuation of investments;
- Testing individual investments for further indicators of impairment by comparing the carrying amount of the investment to the net assets/liabilities of the relevant subsidiary (being an approximation of their minimum recoverable amount); and
- Reviewing the disclosures made in the financial statements to ensure they cover the requirements of IAS 36.

Our observations

Based on the procedures performed, after taking into account the current year impairment charge in relation to French Connection UK Limited of £19.6m, we are satisfied that the carrying value of investments in the Parent Company financial statements as at 31 January 2021 is reasonable.

To the members of French Connection Group PLC

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	Group financial statements:	£1.18m
	Parent Company financial statements:	£0.22m

How we determined it Group materiality has been calculated by reference to loss for the year, of which it represents 6%.

Parent Company materiality has been calculated by reference to total assets, of which it represents 1.5%.

Rationale for benchmark applied

Loss has been identified as the principal benchmark within the Group financial statements due to the unprecedented impact of the Covid-19 pandemic on the Group, resulting in significant periods of inactivity in trading. Loss for the year has been identified as the principal benchmark to set materiality as the focus of shareholders during the year is considered to be the impact of the pandemic on the overall results and the resilience of the business during this time.

Total assets has been identified as the principal benchmark within the Parent Company financial statements as it is considered to be the focus of shareholders due to being a holding company

with no trade.

Performance materiality Performance materiality is set to reduce to an appropriately low level the probability that

the aggregate of uncorrected and undetected misstatements in the financial statements

exceeds materiality for the financial statements as a whole.

Group financial statements: £0.83m
Parent Company financial statements: £0.16m

Reporting threshold We agreed with the directors that we would report to them misstatements identified

during our audit above £35k as well as misstatements below that amount that, in our

view, warranted reporting for qualitative reasons.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £0.7m and £0.8m.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Group and the Parent Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and parent financial statements of French Connection Group Plc. Based on our risk assessment of the Group's 7 reporting components, 3 were subject to full scope audit (2 UK components and 1 US component) and 1 UK component was subject to specific audit procedures on material balances. For the remaining components, in addition to desktop analytical review, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The components within the scope of our work accounted for the following percentages of the Group's results:

	Number of components	Total Group Revenue	Total profits and losses that made up Group loss before tax	Total Group Assets
Full scope audits	3	87%	85%	86%
Specific scope audits	1	0%	11%	0%
TOTAL	4	87%	96%	86%

All audit work was performed by the Group Engagement Team. The Group Engagement Team was made up of staff from Mazars LLP (UK) and Mazars USA who attended the same staff briefings and whose work was subject to the same review procedures. Work was divided based on geographical location, with the UK staff also performing all the work on desktop review procedures.

To the members of French Connection Group PLC

As a result of the lockdowns in place from Covid-19, the Group engagement has been performed remotely for the current year, with significant use of secure video conferencing to conduct 'live' meetings and observations, with the exception of warehouse and store stock takes which we were able to perform in person whilst continuing to follow strict social distancing guidelines.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Parent Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in;

- · the Strategic Report or the Directors' Report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- · certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the Parent Company

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

To the members of French Connection Group PLC

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 31;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why that period is appropriate set out on page 31.
- Directors' statement on fair, balanced and understandable set out on page 31;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 27;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 31; and;
- The section describing the work of the audit committee set out on page 30.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the Group and the Parent Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Group's use of Covid-19 government support schemes, Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included, but were not limited to:

- At the planning stage of our audit, gaining an understanding of the legal and regulatory framework applicable to the Group and Parent Company, the industry in which they operate and considered the risk of acts by the Group and the Parent Company which were contrary to the applicable laws and regulations;
- Discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of noncompliance; and
- During the audit, focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the
 financial statements from our general commercial and sector experience and through discussions with the directors (as required
 by auditing standards), from inspection of the Group's and Parent Company's regulatory and legal correspondence and review
 of minutes of directors' meetings in the year.

Our procedures in relation to fraud included, but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud such as opportunities for fraudulent manipulation of financial statements, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates in particular in relation to impairment of ROU asset and valuation of inventory; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

To the members of French Connection Group PLC

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

As a result of our procedures, the risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the shareholders in May 2019 to audit the financial statements for the year ended 31 January 2020 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the years ended 31 January 2020 to 31 January 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of the audit report

This report is made solely to the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body for our audit work, for this report, or for the opinions we have formed.

David Herbinet (Senior Statutory Auditor)

for and on behalf of Mazars LLP Chartered Accountants and Statutory Auditor

Tower Bridge House St Katharine's Way London E1W 1DD

28 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 January 2021

	_	Year e	nded 31 January 2	021	Year e	nded 31 January 20	020
	Note	Before adjusting items £m	Adjusting items and discontinued operations*	Total £m	Before adjusting items £m	Adjusting items and discontinued operations*	Total £m
Continuing operations							
Revenue	2	71.5	-	71.5	119.9	_	119.9
Cost of sales		(53.1)	_	(53.1)	(74.0)	_	(74.0)
Gross profit	2	18.4	-	18.4	45.9	-	45.9
Operating expenses	5	(32.7)	(8.0)	(40.7)	(52.8)	(4.4)	(57.2)
Other operating income	6	3.9	-	3.9	5.5	_	5.5
Finance expense	8	(1.3)	<u>-</u>	(1.3)	(1.5)	_	(1.5)
Loss before taxation	9	(11.7)	(8.0)	(19.7)	(2.9)	(4.4)	(7.3)
Taxation	10	_	_	_	_	_	_
Loss for the year from continuing operations		(11.7)	(8.0)	(19.7)	(2.9)	(4.4)	(7.3)
Discontinued operations							
Loss from discontinued operations, net of tax	3	_	_	_	_	(0.5)	(0.5)
Loss for the year		(11.7)	(8.0)	(19.7)	(2.9)	(4.9)	(7.8)

^{*} Adjusting items (Note 9). Discontinued operations (Note 3).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 January 2021

Note	2021 £m	2020 £m
Loss for the year	(19.7)	(7.8)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Currency translation differences for overseas operations	(0.3)	(0.1)
Currency translation differences on foreign currency loans, net of tax	0.4	(0.2)
Recycling of translation differences due to disposal of discontinued operation	_	(0.7)
Other comprehensive income for the year, net of tax	0.1	(1.0)
Total comprehensive income for the year	(19.6)	(8.8)
Loss attributable to:		
Equity holders of the Company	(19.7)	(7.9)
Non-controlling interests	-	0.1
Loss for the year	(19.7)	(7.8)
Total comprehensive income attributable to:		
Equity holders of the Company	(19.6)	(8.9)
Non-controlling interests	-	0.1
Total income and expense recognised for the year	(19.6)	(8.8)
Losses per share		
Basic and diluted losses per share	(20.4)p	(8.2)p
Continuing operations		
Basic and diluted losses per share 12	(20.4)p	(7.7)p
Discontinued operations		
Basic and diluted losses per share 12		(0.5)p

The notes on pages 55 to 82 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 January 2021

Intangible assets 13 0.2 0.2 Property, plant and equipment 14 1.0 2.0 Right-of-use asset 15 6.6 17.9 Deferred tax assets 22 4.5 4.5 Total non-current assets 12.3 24.6 Current assets 18 17.9 19.5 Trade and other receivables 18 17.9 19.5 Cash and cash equivalents 19 5.2 8.1 Total assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 59.1 81.0 Lease liabilities 2 6.5 - Lease liabilities 2 0.7 0.3 Total non-current liabilities 2 0.7 0.3 Total and other payables 2 2.7 0.3 Lease liabilities 2 1.5 9.1 Trooks liabilities 2 1.5 9.1 Total current liabilities 2 2.7		Note	2021 £m	2020 £m
Intangible assets 13 0.2 0.2 Property, plant and equipment 14 1.0 2.0 Right-of-use asset 15 6.6 17.9 Deferred tax assets 22 4.5 4.5 Total non-current assets 12.3 24.6 Current assets 18 17.9 19.5 Trade and other receivables 18 17.9 19.5 Cash and cash equivalents 19 5.2 8.1 Total assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 59.1 81.0 Lease liabilities 2 6.5 - Lease liabilities 2 0.7 0.3 Total non-current liabilities 2 0.7 0.3 Total and other payables 2 2.7 0.3 Lease liabilities 2 1.5 9.1 Trooks liabilities 2 1.5 9.1 Total current liabilities 2 2.7	Assets			
Property, plant and equipment 14 1.0 2.0 Right-of-use asset 15 6.6 17.9 Deferred tax assets 12 3 4.5 Total non-current assets 12.3 24.6 Current assets 17 23.7 28.8 Trade and other receivables 18 17.9 19.5 Cash and cash equivalents 19 5.2 8.1 Total current assets 46.8 66.4 Total assets 59.1 81.0 Non-current liabilities 2 15.1 20.0 Lease liabilities 2 0.7 0.3 Total non-current liabilities 2 0.7 0.3 Total and other payables 2 2 2.1 Lease liabilities 2 0.8 0.4 Total current liabilities 2 2.8 0.4 Total polities 2 0.8 0.4 Total current liabilities 2 0.8 0.4 Total current liabilities	Non-current assets			
Right-of-use asset 15 6.6 17.9 Deferred tax assets 23 4.5 4.5 Total non-current assets 12.3 24.6 Current assets 17 23.7 28.8 Trade and other receivables 18 17.9 19.5 2.81 Cash and cash equivalents 19 5.2 8.1 Total current assets 46.8 56.4 56.4 Total assets 46.8 56.4 56.4 Non-current liabilities 25 6.5 - Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total on-current liabilities 2 2.1 2 2.1 Use asset labilities 2 2.5 2.1 2 2.2 2.1 2 2.2 2.1 2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2 2.2	Intangible assets	13	0.2	0.2
Deferred tax assets 23 4.5 4.5 Total non-current assets 12.3 24.6 Current assets 17 23.7 28.8 Tracke and other receivables 18 17.9 19.5 Cash and cash equivalents 19 5.2 8.1 Total current assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 25 6.5 - Lease liabilities 21 15.0 20.8 Lease liabilities 22 20.7 0.3 Total non-current liabilities 22 21.5 21.2 Lease liabilities 22 21.5 9.1 Trade and other payables 20 21.5 9.1 Lease liabilities 21 5.1 9.1 Total current liabilities 21 5.1 9.1 Total current liabilities 27.4 30.7 Total liabilities 25 2.7 30.7 Total liabilities 25	Property, plant and equipment	14	1.0	2.0
Current assets 12.3 24.6 Current assets 17 23.7 28.8 Trade and other receivables 18 17.9 19.5 Cash and cash equivalents 19 5.2 8.1 Total current assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 59.1 81.0 Lease liabilities 21 15.0 20.9 Provisions 22 0.7 20.3 Total non-current liabilities 21 15.0 20.9 Provisions 22 21.2 21.2 Lease liabilities 21 51 9.1 Trade and other payables 20 21.5 21.2 Lease liabilities 21 51 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 27.4 30.7 Total post serve 49.6 51.9 Retained (deficit/yearnings </td <td>Right-of-use asset</td> <td>15</td> <td>6.6</td> <td>17.9</td>	Right-of-use asset	15	6.6	17.9
Current assets Inventories 17 23.7 28.8 Trade and other receivables 18 17.9 19.5 Cash and cash equivalents 19 5.2 8.1 Total current assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 59.1 81.0 Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 21 15.0 20.9 Provisions 22 21.2 21.2 Current liabilities 21 5.1 9.1 Provisions 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Total current liabilities 27.4 30.7 Total current liabilities 27.4 30.7 <tr< td=""><td>Deferred tax assets</td><td>23</td><td>4.5</td><td>4.5</td></tr<>	Deferred tax assets	23	4.5	4.5
Inventories 17 23.7 28.8 Trade and other receivables 18 17.9 19.5 Cash and cash equivalents 19 5.2 8.1 Total current assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 25 6.5 - Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 21 21.5 21.2 Current liabilities 21 5.1 9.1 Trade and other payables 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27 3.0 Total payables 27 3.0 Total current liabilities 27 3.0 Total current liabilities 27 3.0 Total liabilities 49.6 51.9 Retailed current liab	Total non-current assets		12.3	24.6
Trade and other receivables 18 17.9 19.5 Cash and cash equivalents 19 5.2 8.1 Total current assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 25 6.5 - Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 22 2.1.2 21.2 Lease liabilities 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total labilities 27.4 30.7 Total labilities 49.6 51.9 Net assets 9.5 29.1 Equity 24 1.0 1.0 Share premium account	Current assets			
Cash and cash equivalents 19 5.2 8.1 Total current assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 59.1 81.0 Lease liabilities 25 6.5 - Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 22 21.2 21.2 Lease liabilities 20 21.5 21.2 21.2 Lease liabilities 20 21.5 21.2	Inventories	17	23.7	28.8
Total current assets 46.8 56.4 Total assets 59.1 81.0 Non-current liabilities 25 6.5 - Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 22.2 21.2 Current liabilities 21 5.1 9.1 Provisions 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 27.4 30.7 Total provisions 49.6 51.9 Net assets 9.5 29.1 Equity 27.4 30.7 Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit/earnings 7.9 11.8 Total equity a	Trade and other receivables	18	17.9	19.5
Total assets 59.1 81.0 Non-current liabilities 25 6.5 – Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 22.2 21.2 Current liabilities 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Cash and cash equivalents	19	5.2	8.1
Non-current liabilities 25 6.5 — Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 22.2 21.2 Current liabilities 20 21.5 21.2 Lease liabilities 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity 26 4.1 1.0 Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1 0.1	Total current assets		46.8	56.4
Loans and borrowings 25 6.5 — Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 22.2 21.2 Trade and other payables 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1 0.1	Total assets		59.1	81.0
Lease liabilities 21 15.0 20.9 Provisions 22 0.7 0.3 Total non-current liabilities 22.2 21.2 Current liabilities 30 21.5 21.2 Lease liabilities 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Non-current liabilities			
Provisions 22 0.7 0.3 Total non-current liabilities 22.2 21.2 Current liabilities 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Loans and borrowings	25	6.5	_
Total non-current liabilities 22.2 21.2 Current liabilities 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Lease liabilities	21	15.0	20.9
Current liabilities Trade and other payables 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1 0.1	Provisions	22	0.7	0.3
Trade and other payables 20 21.5 21.2 Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1 0.1	Total non-current liabilities		22.2	21.2
Lease liabilities 21 5.1 9.1 Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Current liabilities			
Provisions 22 0.8 0.4 Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Trade and other payables	20	21.5	21.2
Total current liabilities 27.4 30.7 Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Lease liabilities	21	5.1	9.1
Total liabilities 49.6 51.9 Net assets 9.5 29.1 Equity 24 1.0 1.0 Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Provisions	22	0.8	0.4
Net assets 9.5 29.1 Equity 24 1.0 1.0 Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Total current liabilities		27.4	30.7
Equity Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Total liabilities		49.6	51.9
Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Net assets		9.5	29.1
Called-up share capital 24 1.0 1.0 Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Equity			
Share premium account 9.8 9.8 Translation reserve 6.5 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company Non-controlling interests 0.1 0.1		24	1.0	1.0
Translation reserve 6.4 Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Share premium account			
Retained (deficit)/earnings (7.9) 11.8 Total equity attributable to equity holders of the Company 9.4 29.0 Non-controlling interests 0.1 0.1	Translation reserve			
Non-controlling interests 0.1 0.1	Retained (deficit)/earnings			
	Total equity attributable to equity holders of the Company		9.4	29.0
Total equity 9.5 29.1	Non-controlling interests		0.1	0.1
	Total equity		9.5	29.1

The notes on pages 55 to 82 form part of these accounts.

These accounts were approved by the Board of Directors on 28 April 2021 and were signed on its behalf by:

Neil Williams Lee Williams Director Director

Company Number: 1410568

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Translation reserve £m	Retained earnings	Total £m	Non- controlling interests £m	Total equity £m
Balance at 31 January 2019, as previously reported	1.0	9.8	7.4	28.0	46.2	_	46.2
Impact of change in accounting policy of IFRS 16				(8.3)	(8.3)		(8.3)
Balance at 31 January 2019	1.0	9.8	7.4	19.7	37.9	_	37.9
(Loss)/profit for the year ended 31 January 2020				(7.9)	(7.9)	0.1	(7.8)
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			(0.2)		(0.2)		(0.2)
Disposal of discontinued operations (Note 3)			(0.7)		(0.7)		(0.7)
Balance at 31 January 2020	1.0	9.8	6.4	11.8	29.0	0.1	29.1
Loss for the year ended 31 January 2021				(19.7)	(19.7)	_	(19.7)
Other comprehensive income							
Currency translation differences for overseas operations			(0.3)		(0.3)		(0.3)
Currency translation differences on foreign currency loans, net of tax			0.4		0.4		0.4
Balance at 31 January 2021	1.0	9.8	6.5	(7.9)	9.4	0.1	9.5

Share capital and premium reserve

Share capital is the nominal value of shares issued. Share premium represents the difference between the amount subscribed for shares and nominal value.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of foreign currency loans. The translation reserve carried forward is net of £0.2m (2020: £0.2m) deferred tax.

Retained earnings

Earnings available for distribution to shareholders under the Companies Act 2006.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 January 2021

Loss for the period (19.7) (7.8) Adjustments for: 7.80 Depreciation of property, plant and equipment 14 1.0 1.2 Depreciation of property, plant and equipment 15 5.5 6.6 Rent concessions 21 (1.1) Share of loss of joint ventures 3 0.5 Share of loss of joint ventures 8 1.3 1.5 Adjusting items 9 8.0 4.4 Operating cash flows before changes in working capital and provisions (5.0) 6.4 Decrease in inventories 2.8 1.6 Decrease in trade and other receivables 1.1 2.7 Decrease in trade and other payables (1.1) (5.0) Cash flows from operating (2.2) 5.7 Income tax paid - (0.1) Cash flows from operating activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (3.0) (3.1) Poyment of lease liabilities 2		Note	2021 £m	2020 £m
Adjustments for: Depreciation of property, plant and equipment Depreciation of property, plant and equipment Despectation of property, plant and equipment Share of loss of joint ventures Share	Operating activities			
Depreciation of property, plant and equipment 14 1.0 1.2 Depreciation of right-of-use asset 15 5.5 6.6 Rent concessions 21 (1.1) — Share of loss of joint ventures 3 — 0.5 Finance expense 8 1.3 1.5 Adjusting items 9 8.0 4.4 Operating cash flows before changes in working capital and provisions (5.0) 6.4 Decrease in inventories 2.8 1.6 Decrease in trade and other receivables 1.1 2.7 Decrease in trade and other payables (1.1) (5.0) Cash flows from operations (2.2) 5.7 Income tax paid - (0.1) (5.0) Cash flows from operating activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (0.2) (1.1) Proceeds from working capital facilities and loans 25 6.5 - Payment of lease liabilities 21 (4.1) (1.5) <td>Loss for the period</td> <td></td> <td>(19.7)</td> <td>(7.8)</td>	Loss for the period		(19.7)	(7.8)
Depreciation of right-of-use asset 15 5.5 6.6 Rent concessions 21 (1.1) - Share of loss of joint ventures 3 - 0.5 Finance expense 8 1.3 1.5 Adjusting items 9 8.0 4.4 Operating cash flows before changes in working capital and provisions (5.0) 6.4 Decrease in inventories 2.8 1.6 Decrease in trade and other pecivables 1.1 2.7 Decrease in trade and other payables (1.1) (6.0) Cash flows from operations (2.2) 5.7 Income tax paid - (0.1) Cash flows from operating activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (0.2) (1.1) (1.1) Net costs from store and head office restructuring (1.1) (1.1) (1.1) Restrictions from investing activities 25 6.5 - Proceeds from working capital facilities and loans 25 6.5	Adjustments for:			
Rent concessions 21 (1.1) — Share of loss of joint ventures 3 — 0.5 Finance expense 8 1.3 1.5 Adjusting items 9 8.0 4.4 Operating cash flows before changes in working capital and provisions (5.0) 6.4 Decrease in inventories 2.8 1.6 Decrease in trade and other payables 1.1 2.7 Decrease in trade and other payables (1.1) (5.0) Cash flows from operations (2.2) 5.7 Income tax paid - (0.1) Cash flows from operating activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (0.2) (1.1) (1.1) Cash flows from investing activities (1.3) (2.2) Financing activities (1.3) (2.2) Proceeds from working capital facilities and loans 25 6.5 — Payment of lease liabilities 21 (4.1) (9.9) Interest paid on loans </td <td>Depreciation of property, plant and equipment</td> <td>14</td> <td>1.0</td> <td>1.2</td>	Depreciation of property, plant and equipment	14	1.0	1.2
Share of loss of joint ventures 3 - 0.5 Finance expense 8 1.3 1.5 Adjusting items 9 8.0 4.4 Operating cash flows before changes in working capital and provisions (5.0) 6.4 Decrease in invade and other receivables 1.1 2.7 Decrease in trade and other payables (1.1) (5.0) Cash flows from operations (2.2) 5.7 Income tax paid - (0.1) Cash flows from operating activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (1.1) (1.1) (1.1) Cash flows from investing activities (1.3) (2.2) 5.6 Financing activities 25 6.5 - Payment of lease liabilities and loans 25 6.5 - Payment of lease liabilities 21 (1.1) (1.5) Interest pai	Depreciation of right-of-use asset	15	5.5	6.6
Finance expense 8 1.3 1.5 Adjusting items 9 8.0 4.4 Operating cash flows before changes in working capital and provisions (5.0) 6.4 Decrease in inventories 2.8 1.6 Decrease in trade and other receivables 1.1 2.7 Decrease in trade and other payables (1.1) (5.0) Cash flows from operations (2.2) 5.7 Income tax paid - (0.1) Cash flows from operating activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (0.2) (1.1) (1.1) Cash flows from store and head office restructuring (1.1) (1.1) (1.1) Cash flows from investing activities (0.2) (1.1)	Rent concessions	21	(1.1)	_
Adjusting items 9 8.0 4.4 Operating cash flows before changes in working capital and provisions (5.0) 6.4 Decrease in inventories 2.8 1.6 Decrease in trade and other receivables 1.1 2.7 Decrease in trade and other payables (1.1) (5.0) Cash flows from operations (2.2) 5.7 Income tax paid - (0.1) Cash flows from operating activities - (0.1) Investing activities - (0.2) 5.6 Investing activities - (0.2) (1.1) Net costs from store and head office restructuring (1.1) (1.1) (1.1) Vet costs from investing activities (0.2) (1.1) (1.1) (1.1) Proceeds from working capital facilities and loans 25 6.5 - Payment of lease liabilities 21 (4.1) (9.9) Interest paid on lease liabilities 21 (1.1) (1.5) Interest paid on lease liabilities 21 (1.1) (1.5) Interest paid on lease liabilities and cash equivalents 25 (3.0)	Share of loss of joint ventures	3	_	0.5
Operating cash flows before changes in working capital and provisions (5.0) 6.4 Decrease in inventories 2.8 1.6 Decrease in trade and other receivables 1.1 2.7 Decrease in trade and other payables (1.1) (5.0) Cash flows from operations (2.2) 5.7 Income tax paid - (0.1) Cash flows from operating activities (2.2) 5.6 Investing activities (2.2) 5.6 Investing activities (0.2) (1.1) (1.1) Net costs from store and head office restructuring (1.1) (1.1) (1.1) Cash flows from investing activities (1.3) (2.2) 5.6 Financing activities 25 6.5 - Payment of lease liabilities and loans 25 6.5 - Payment of lease liabilities 21 (4.1) (9.9) Interest paid on lease liabilities 21 (1.1) (1.5) Interest paid on lease liabilities 21 (1.1) (1.5) Refinancing costs 9	Finance expense	8	1.3	1.5
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Net costs from store and head office restructuring (1.1) (1.1) Cash flows from investing activities (1.3) (2.2) Financing activities 25 6.5 - Payment of lease liabilities 21 (4.1) (9.9) Interest paid on lease liabilities 21 (1.1) (1.5) Refinancing costs 8 (0.2) - Refinancing costs 9 (0.6) - Cash flows from financing activities 25 (3.0) (8.0) Question of the properties of the propertie	Investing activities			
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Financing activities Proceeds from working capital facilities and loans 25 6.5 - Payment of lease liabilities 21 (4.1) (9.9) Interest paid on lease liabilities 21 (1.1) (1.5) Interest paid on loans 8 (0.2) - Refinancing costs 9 (0.6) - Cash flows from financing activities 0.5 (11.4) Net decrease in cash and cash equivalents 25 (3.0) (8.0) Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 5.2 8.1	Net costs from store and head office restructuring		(1.1)	(1.1)
Proceeds from working capital facilities and loans 25 6.5 - Payment of lease liabilities 21 (4.1) (9.9) Interest paid on lease liabilities 21 (1.1) (1.5) Interest paid on loans 8 (0.2) - Refinancing costs 9 (0.6) - Cash flows from financing activities 0.5 (11.4) Net decrease in cash and cash equivalents 25 (3.0) (8.0) Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents at 32 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 6.5) -	Cash flows from investing activities		(1.3)	(2.2)
Payment of lease liabilities 21 (4.1) (9.9) Interest paid on lease liabilities 21 (1.1) (1.5) Interest paid on lease liabilities 8 (0.2) - Refinancing costs 9 (0.6) - Cash flows from financing activities 0.5 (11.4) Net decrease in cash and cash equivalents 25 (3.0) (8.0) Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 6.5) -	Financing activities			
Interest paid on lease liabilities 21 (1.1) (1.5) Interest paid on lease liabilities 8 (0.2) - Refinancing costs 9 (0.6) - Cash flows from financing activities 0.5 (11.4) Net decrease in cash and cash equivalents 25 (3.0) (8.0) Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 5.2 8.1	Proceeds from working capital facilities and loans	25	6.5	_
Interest paid on loans 8 (0.2) - Refinancing costs 9 (0.6) - Cash flows from financing activities 0.5 (11.4) Net decrease in cash and cash equivalents 25 (3.0) (8.0) Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 (6.5) -	Payment of lease liabilities	21	(4.1)	(9.9)
Refinancing costs 9 (0.6) - Cash flows from financing activities 0.5 (11.4) Net decrease in cash and cash equivalents 25 (3.0) (8.0) Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 (6.5) -	Interest paid on lease liabilities	21	(1.1)	(1.5)
Cash flows from financing activities 0.5 (11.4) Net decrease in cash and cash equivalents 25 (3.0) (8.0) Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 (6.5) -	Interest paid on loans	8	(0.2)	_
Net decrease in cash and cash equivalents 25 (3.0) (8.0) Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 (6.5) -	Refinancing costs	9	(0.6)	_
Cash and cash equivalents at 1 February 25 8.1 16.2 Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 (6.5) -	Cash flows from financing activities		0.5	(11.4)
Exchange rate fluctuations on cash held 25 0.1 (0.1) Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 (6.5) -	Net decrease in cash and cash equivalents	25	(3.0)	(8.0)
Cash and cash equivalents at 31 January 25 5.2 8.1 Cash and cash equivalents 25 5.2 8.1 Bank loans 25 (6.5) -	Cash and cash equivalents at 1 February	25	8.1	16.2
Cash and cash equivalents 25 5.2 8.1 Bank loans 25 (6.5) -	Exchange rate fluctuations on cash held	25	0.1	(0.1)
Bank loans 25 (6.5) –	Cash and cash equivalents at 31 January	25	5.2	8.1
Bank loans 25 (6.5) –	Cash and cash equivalents	25	5.2	8.1
Net cash and borrowings at 31 January (1.3) 8.1	Bank loans	25	(6.5)	_
	Net cash and borrowings at 31 January		(1.3)	8.1

The notes on pages 55 to 82 form part of these accounts.

1 Accounting policies

a) Basis of preparation

French Connection Group PLC (the "Company") is a Company domiciled in the United Kingdom and registered in England and Wales, limited by shares which 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.

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Accounting Standards in conformity with the requirements of Companies Act 2006 and they are prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The Company has elected to prepare its parent Company financial statements in accordance with UK Generally Accepted Accounting Practice; these are presented on pages 83 to 90.

The consolidated financial statements have been prepared under the historical cost accounting rules, except for derivative financial instruments measured at fair value.

The prior year consolidated statement of financial position includes a reclassification of £2.0m between inventories and deferred income (within trade and other payables) relating to the accounting of year-end wholesale revenue. The related comparative inventories (Note 17) and trade and other payables (Note 20) notes have been reclassified accordingly. There is no impact on the Group loss for the year or net assets in either the current or prior years.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Financial Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition Note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The preparation of the financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these assumptions. The estimates and assumptions are based on historical experience and are reviewed on an ongoing basis and are disclosed in Note 31. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The accounting policies set out below have been applied consistently to all periods in the consolidated financial statements.

Going concern

The Group ended the year with net borrowings of $\mathfrak{L}(1.3)$ m (2020: net cash of $\mathfrak{L}8.1$ m), total loss of $\mathfrak{L}(19.7)$ m (2020: $\mathfrak{L}(7.8)$ m) for the year and net assets of $\mathfrak{L}9.5$ m (2020: $\mathfrak{L}29.1$ m).

In the prior year Annual Report for the year ending 31 January 2020, the Directors declared significant doubt about the ability of the Group and parent company to continue as a going concern. This was primarily due to uncertainty over whether funding could be secured before the existing cash resources were eroded due to the uncertainty on when normal trading would resume as a direct result of the COVID-19 pandemic.

The strategic report describes the Group's and parent company's financial position, cash flows and borrowing facilities as well as principal risks and uncertainties facing the Group.

The Group secured a two year £15 million asset based working capital facility with Hilco Capital on 24 July 2020. 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 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 is 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 and include the forthcoming renewal of the UK credit facility in July 2022.

Although all scenarios discussed below are within the current working capital facility available, the Directors acknowledge that the UK facility expires in July 2022 and will need to be renewed or alternative similar funding be secured. The Board is confident of securing an extension of existing or similar funding beyond the current expiration date. In assessing the renewal of the credit facility in July 2022, the Directors have considered initial discussions with the current financier; multiple options for financing when initially sought; and the general economic conditions and market's propensity to lend.

As part of the Going Concern and Viability Statement review, the Board has prepared and reviewed the FY22 detailed Budget and for outer years FY23-FY26, the Long Range Plan. The FY22 Budget was prepared on a detailed bottom up basis and for the years FY23- FY26 on a more strategic high-level basis. The plan has been prepared by each respective business channel: wholesale, retail, ecommerce and licensing and by separate geographies: UK, North America and Rest of the World.

Continued

1 Accounting policies continued

A 'Base' Case budget has been prepared representing the scenario management expects most likely to occur. Under this scenario, the maximum borrowing position will be £11m over the next 12 months.

Within the Base Case, there is an assumed level of recovery in FY22 versus FY21 across all revenue streams which is based on management's current view of how we expect both French Connection and the economy to recover once lockdown restrictions are lifted. Where appropriate we have benchmarked FY22 Budget to FY20 levels, noting that the Group's trading position will not reach FY20 levels for some time and reflecting that trading conditions remain significantly below pre-COVID 19 levels for the next 12 months. For UK Retail, we have assumed all stores reopen from April 2021 and do not assume any further lockdowns. In FY22 Wholesale is underpinned by current order books for S21 season and current expectations of W21 order based on initial conversations with customers. Ecommerce has a less pronounced level of recovery as this revenue stream has been the least impacted by the pandemic. For outer years in the LRP from FY23, management have assumed more moderate levels of revenue growth.

The base case budget has been further sensitised under two additional scenarios: 'most likely worst case' and a 'reverse stress test' which is based on a pre-defined outcome of the business being no longer viable in which the borrowing requirements exceed the current maximum facility occurring in November 2022. Sensitivities have been performed on year-on-year turnover growth rate assumptions, targeted gross margin %s, overhead growth/savings and licensing growth. The most likely 'worst' case scenario forecasts a net borrowing requirement that does not exceed the maximum facility available over the five year long range plan.

Under the 'most likely worst case' scenario, the Board believes that the combined secured $\mathfrak{L}20$ million UK and US asset based working capital facilities are expected to be sufficient to cover the Company's foreseeable future cash requirements, which will cover at least 12 months from the date of approval of these financial statements.

The Board is also of the opinion that the current formal sale process of the Company and its resulting outcome will not have any impact on the availability of the existing working capital facilities and therefore does not affect the going concern basis of these financial statements.

Having undertaken a rigorous assessment of the financial forecasts, particularly in the context of COVID-19 and their assessment of high likelihood of renewal of the UK credit facility in July 2022 as discussed above, the Board has therefore concluded that it is appropriate to prepare the Group and parent company financial statements on a going concern basis.

Change in accounting standards

There is no significant financial impact on the Group financial statements of the following new standards, amendments and interpretations that are in issue, endorsed by the EU and mandatory for the financial year ending 31 January 2021:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendments in relation to the definition of material
- Conceptual Framework: Amendments to references to the conceptual framework in IFRS Standards
- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures: Amendments arising from the Interest Rate Benchmark Reform Phase 1
- IFRS 3 Business Combinations: Amendments in relation to the definition of a business
- IFRS 16 Leases: Amendments in relation to Covid-19 related rent concessions

The following Adopted IFRSs have been issued but not yet endorsed by the EU and have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

- IFRS 4 Insurance Contracts: Amendments in relation to the temporary exemption from applying IFRS 9
- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases: Amendments arising from the Interest Rate Benchmark Reform – Phase 2
- IAS 16 Property, Plant and Equipment: Amendments in relation to proceeds before intended use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Amendments in relation to the cost of fulfilling a contract when assessing onerous contracts
- IFRS 3 Business Combinations: Amendments to update references to the Conceptual Framework
- Annual Improvements to IFRSs (2018 2020 cycle)
- IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current
- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts

There are no other standards, amendments or interpretations adopted by the EU that are in issue but not yet effective that are expected to have a significant impact on the Group financial statements.

Continued

1 Accounting policies continued

b) Basis of consolidation

The consolidated financial statements of the Group comprise the accounts of the Company and all its subsidiary undertakings, the accounts of which are all made up to 31 January each year end. The results of companies acquired or disposed of in the year are dealt with from or up to the date control commences or ceases. The net assets of companies acquired are incorporated in the consolidated accounts at their fair values to the Group at the date of acquisition. Intra-group balances and any unrealised gains or losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group's two 50:50 Joint Ventures, which operated retail stores in China and Hong Kong, ceased trading during the prior year. Both joint ventures were managed by committees with equal representation from the members. The Group's share of the results of these joint venture businesses are included in the financial statements within discontinued operations. Joint ventures are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint ventures are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest (including any long-term investments) is reduced to £Nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the entity.

c) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill arising on business combinations represents the difference between the cost of the acquisition and the fair value of the identifiable assets, liabilities and contingent liabilities acquired. In respect of acquisitions prior to the IFRS transition date, 1 February 2004, goodwill is included on the basis of its deemed cost based on the amount recognised under UK GAAP.

Goodwill is stated at cost less any accumulated impairment losses as discussed in Note j) below. Goodwill is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the income statement.

The impairment calculations use cash flow projections based on actual operating results extrapolated forward for five years. An appropriate pre-tax discount rate has been used in discounting the projected cash flows based on the weighted average cost of capital applicable to the cash generating units concerned. For the purpose of impairment testing, goodwill is allocated to the lowest level of cash generating unit within the Group at which the goodwill is monitored for internal management purposes. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

d) Foreign currency

Transactions effected by companies in foreign currencies are translated into their functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities of companies denominated in currencies other than the functional currency of the Company are translated at the foreign exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the dates the fair value was determined.

Long term monetary assets and liabilities receivable from or payable to a foreign operation, the settlement of which is not planned or expected to occur in the foreseeable future, are considered to represent part of the Group's net investment in a foreign operation. Therefore, exchange gains and losses arising from these amounts are included in equity in the foreign currency translation reserve.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than Sterling are translated into Sterling at foreign exchange rates ruling at the balance sheet date. The income and expenses of these subsidiary undertakings are translated into Sterling at the average rates applicable to the period. All resulting exchange differences are taken to reserves. Any exchange differences that have arisen since 1 February 2004 are presented as a separate component of equity within a translation reserve. Such exchange differences taken to reserves as from the date of transition to IFRS are recognised in the income statement upon disposal of the subsidiary.

Continued

1 Accounting policies continued

e) Derivative financial instruments

Derivative financial instruments in the form of forward foreign exchange contracts are used to manage the risk associated with purchases denominated in foreign currencies as described in the section entitled Our Business.

Derivative financial instruments are initially measured at fair value. Any changes in the fair value of the forward contracts during the period in which the hedge is in effect are reflected as a component of equity within the hedging reserve to the extent that the hedge is effective. The ineffective part of the hedge is recognised in the income statement immediately.

f) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. Trade and other receivables and trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial instruments are recognised initially at fair value including any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits.

g) Property, plant and equipment

Property, plant and equipment is stated at cost (which from 1 February 2009 includes capitalised borrowing costs where appropriate) less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of the assets. Residual values are reviewed at each reporting date. The estimated useful lives are as follows:

Leasehold improvements : period of the lease

Plant, equipment, fixtures and fittings : 3 to 10 years

h) Leased assets

In the prior year, the Group applied IFRS 16 using the modified retrospective approach. In the current reporting period, in relation to leases where the Group has the right to control the use of an identified asset, the Group has recognised on the balance sheet a right of use asset and a lease liability at the lease commencement date. The lease liability is measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The right of use asset is matched in value to the lease liability at inception subject to any lease inducements. The right of use asset is depreciated on a straight line basis over the life of the lease whilst the interest charged on the outstanding lease liability is front-loaded and higher in the earlier years decreasing over the life of the lease.

The Group has adopted the option not to recognise right-of-use assets and liabilities for short-term property leases that have a remaining lease term of less than twelve months and low-value asset leases. Leases with variable rent payments, notably turnover rents, are outside the scope of IFRS 16 and have also been excluded. These costs have been expensed to the Income Statement on a straight-line basis over the lease term.

During 2020, the Group has received a number of property rental discounts from landlords as a result of the impact of government lockdowns and related retail store closures. IFRS 16 Leases: Amendments in relation to Covid-19-related rent concessions, effective from 1 June 2020, confirms that such rent concessions can be accounted for as variable lease payments and not lease modifications, as long as there is no substantive change to the terms of the lease and lease reductions relate to periods pre-June 2021. The Group has therefore credited the reduction in the lease liabilities resulting from these rent concessions to the profit and loss account in the current financial period.

i) Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost includes the purchase price of manufactured products, materials, direct labour, transport costs and a proportion of attributable design and production overheads calculated on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow moving or defective items where appropriate.

i) Impairment

The carrying amount of the Group's non-current assets, other than deferred tax assets, are reviewed each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable

Continued

1 Accounting policies continued

amount. For tangible fixed and right of use assets, the recoverable amount is determined with reference to the cash generating unit to which the asset belongs. The impairment calculations use cash flow projections based on actual operating results extrapolated forward for five years. An appropriate pre-tax discount rate has been used in discounting the projected cash flows based on the weighted average cost of capital applicable to the individual assets concerned. Further details are provided in Note 14 'Property, plant and equipment' and Note 15 'Right of use asset'.

Impairment policy relating to goodwill is referred to in Note 1c).

k) Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods sold to external customers, less returns and value added tax. The revenue arises from the sale of fashion clothing and accessories. Under IFRS 15, revenue from the sale of goods is recognised in the statement of comprehensive income when the Group transfers control over the goods to its customer.

With regards to the nature and timing of satisfaction of performance obligations, for retail sales, this occurs at the point of sale of a product to the customer. Concession revenues are recognised gross of commissions payable at the point of sale of a product to the customer on the basis that the vendor acts as principal. Wholesale and ecommerce revenues are recognised at the point that control of the inventory has passed to the customer, which depends on the specific terms and conditions of sales transactions and which is typically when goods are despatched from the warehouse.

Invoices are generated and revenue is recognised at that point in time. The amount of revenue recognised is adjusted for expected returns, which are estimated based on historical data. Provisions are made for own store, concession and ecommerce returns based on the expected level of returns, which in turn is based upon the historical rate of returns. At the point of sale, a refund liability and corresponding adjustment to revenue is recognised for those products expected to be returned. Sales of gift vouchers and gift cards are treated as liabilities, and revenue is recognised when the gift vouchers or cards are redeemed against a later transaction.

Revenues are recognised at full sales consideration where the Group acts as the principal in relation with the customer. For consignment and sale or return wholesale customers, where the Group does not act as the principal, revenue is reported net of commission. Revenue from contracts with customers is assessed based on the contractual relationship incorporating a review of key factors including control of stock before transfer to the customer, control over pricing, margin and cost of sales calculation and any contribution towards staffing, fitout installation, insurance and shrinkage.

I) Other operating income

Licensing revenue is included within other operating income as it does not relate to consideration for goods supplied to customers. Licence fee income relates to sales-based royalties and is recognised as the licensee makes the underlying sales that entitles the Group to a royalty.

m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted at the balance sheet date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

n) Pensions

The Group only has defined contribution pension schemes. Pension costs charged to the income statement represent the amount of contributions payable to defined contribution and personal pension schemes in respect of the period.

o) Share-based payment

The Group operates share option incentive schemes for Directors and key employees. The fair value of options granted is recognised as an employee expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in the income statement is adjusted at each balance sheet date to reflect the number of

Continued

1 Accounting policies continued

share options that are expected to vest revised for expected leavers and estimated achievement of non-market based vesting conditions. The Group adopted the exemption to apply IFRS 2 only to equity instruments granted after 7 November 2002.

p) Segment reporting

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Reportable segments are operating segments that either meet the thresholds and conditions set out in IFRS 8 or are considered by the Board to be appropriately designated as reportable segments. Segment results represent the underlying operating profits of each division and exclude store disposal and closure costs and tax items. Overheads represent the direct costs of the divisional operations, common overheads shared between the divisions within geographic locations, in particular, the costs of local management, advertising, finance and accounting and Group management overheads including the costs of Group management, legal, insurance and IT costs.

q) Provisions

A dilapidations provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the forecast value of the expenditure expected to settle the Group's liability.

r) Alternative performance measures

The financial statements disclose financial measures which are required under IFRS ('GAAP' measures) and also additional financial measures ('non-GAAP' measures) which the Directors believe are best reflective of how the business is managed and are informative to shareholders in understanding the performance of the business. These include:

- Underlying operating result which excludes adjusting items and discontinued operations.
- Adjusting items include right of use and fixed asset impairments, store disposal and closure provisions, material bad debt writeoffs and provisions and other professional fees (see Note 9 'Reconciliation of result before tax to underlying operating result').
- Like-for-like sales growth (LFL) is defined as the year-on-year sales growth for owned stores and concessions open more than one year, including ecommerce revenues, removing the impact of closed stores and reported in constant currency.
- Constant currency (CCY) is calculated by translating the year end results at prior year exchange rates to remove the impact of exchange rate fluctuations.
- Underlying overheads consist of LFL store overheads.

s) Government grant income

Grants from the government, including salary related furlough receipts, are recognised at fair value where there is a reasonable assurance that the grant will be received and the Company will comply with any associated conditions and are recognised in the period to which the Group recognises as expenses the related costs for which the grants are intended to compensate.

2 Operating segments

a) Segment reporting

The Group's operating segments have been determined based on the key monthly information reviewed by the Board of Directors (deemed to be the Chief Operating Decision Maker). The key metric reviewed cover the Retail and Wholesale sectors in totality, with the performance by key geographies also reviewed.

In addition to the information provided below, detailed commentary on the results of Retail and Wholesale, together with an analysis of the geographical performance, can be found in the Financial Review.

Continued

2 Operating segments continued

b) Segment revenue and results

Income Statement	2021 £m	2020 £m
Revenue		
Retail	22.5	46.7
Wholesale	49.0	73.2
Group revenue	71.5	119.9
Gross profit	18.4	45.9
Retail	32.9%	51.0%
Wholesale	22.4%	30.2%
Group gross margin	25.7%	38.3%
Underlying operating (loss)/profit		
Retail	(10.4)	(10.0)
Wholesale	5.0	13.2
Licence income	3.9	5.5
Common and Group overheads	(8.9)	(10.1)
Finance expense	(1.3)	(1.5)
Underlying Group operating loss*	(11.7)	(2.9)
Underlying operating margin		
Retail	(46.2)%	(21.4)%
Wholesale	10.2%	18.0%
Underlying Group operating margin	(16.4)%	(2.4)%
c) Geographical information	2021	2020
	£m	£m
Revenue	C4 00/	0.4.70/
UK/Europe	64.8%	64.7%
North America	33.8%	33.9%
Rest of the World	1.4%	1.4%
Divisional operating (loss)/profit	(7.0)	(4.0)
UK/Europe	(5.8)	(1.6)
North America	1.1	5.5
Rest of the World	(0.9)	(0.8)
Group overheads and finance income	(6.1)	(6.0)
Underlying Group operating loss*	(11.7)	(2.9)
* excludes adjusting items (Note 9) and discontinued operations (Note 3)		
d) Revenue from external customers		
	2021 £m	2020 £m
UK	40.9	68.7
US	21.1	36.8
Canada	3.2	4.2
Other	6.3	10.2
	71.5 	119.9

Continued

2 Operating segments continued

£14.9m (2020: £25.2m) of revenue relates to one single customer, which represents more than 10% of total revenues of £71.5m (2020: £119.9m). This is included in the total wholesale revenue segment of £48.0m (2020: £73.2m).

e) Non-current assets

	2021 £m	2020 £m
Carrying value		
UK/Europe	3.7	21.3
North America	5.7	3.1
Rest of the World	2.9	0.2
	12.3	24.6
Additions		
UK/Europe	0.7	2.6
Rest of the World	_ 	0.3
	0.7	2.9
f) Total assets		
	2021 £m	2020 £m
Committee value		
Carrying value UK/Europe	45.0	51.8
North America	6.6	21.1
Rest of the World	7.5	8.1
	59.1	81.1
g) Total liabilities		
	2021 £m	2020 £m
Carrying value		
UK/Europe	36.8	38.7
North America	10.2	10.2
Rest of the World	2.6	3.0
	49.6	51.9
h) Depreciation by segment		
	2021	2020
	£m	£m
Owned assets Retail	0.6	0.7
Wholesale	0.1	0.2
Group	0.3	0.3
	1.0	1.2
Right of use assets		
Retail	3.4	4.3
Wholesale	2.1	2.3
	5.5	6.6

Continued

3 Discontinued operations

In the prior year, the Group closed its entire joint venture operation in Asia. The closure of all of the eleven retail stores in China was completed by October 2019 and similarly the closure of all of the three retail stores in Hong Kong was completed by August 2019. The closure of the Asian joint venture operation generated a total loss in the prior year of £(0.5)m. This division is reported within the Rest of the World geographical segment.

Results of discontinued operations					Year ended 31 Jan 2021 £m	Year ended 31 Jan 2020 Ωm
Share of loss of joint ventures, net of tax	(Note 16)					(0.4)
Currency translation differences	(**************************************				-	0.7
Results from operating activities before Taxation	ore tax				-	0.3
Results from operating activities, net Loss on disposal of discontinued ope					-	0.3 (0.8)
Effect on loss for the period						(0.5)
Effect of disposal on the financial position	on of the Group				31 Jan 2021 £m	31 Jan 2020 £m
Investments in joint ventures						(1.4)
Trade and other receivables					_	(0.6)
Net assets and liabilities disposed					_	(2.0)
Cash consideration net of costs of dispo	osal				_	1.2
Loss on disposal						(0.8)
Cash flows used in discontinued operati	ons				Year ended 31 Jan 2021 £m	Year ended 31 Jan 2020 £m
Net cash from operating activities					_	_
Net cash from financing activities					_	_
Net cash utilised in discontinued ope	rations					
4 Revenue and gross margin						
	Continuing ope	erations	Discontinued op	erations*	Consolidated	operations
Sale of goods	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Revenue	71.5	119.9	_	_	71.5	119.9

	Continuing op	Continuing operations		Discontinued operations*		Consolidated operations	
Sale of goods	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	
Revenue	71.5	119.9	_	_	71.5	119.9	
Gross margin	18.4	45.9		_	18.4	45.9	

The revenue from external customers is derived from the sale of clothing and accessories.

Operating expenses

	2021 £m	2020 £m
Selling and distribution costs	32.6	49.1
Administration costs	8.1	8.1
	40.7	57.2

Operating expenses exclude discontinued operations (Note 3). Included within discontinued operations are £Nil (2020: £Nil) of operating expenses.

Included within selling and distribution costs are adjusting items of £8.0m (2020: £4.4m) (Note 9).

^{*} see discontinued operations (Note 3).

Continued

6 Other operating income

	2021 £m	2020 £m
Licensing income	3.9	5.5

7 Staff numbers and costs

The average number of people employed by the Group during the year, including Directors, was as follows:

	2021 Number	2020 Number
Selling, distribution and retail	614	857
Design, development and production management	121	137
Administration	89	98
	824	1,092
The aggregate payroll costs of these people were as follows:		
	2021 £m	2020 £m
Wages and salaries	19.1	23.4
Social security costs	1.6	1.9
Defined contribution pension costs	0.4	0.4
	21.1	25.7

Payroll costs reported above are gross costs. During the current financial year, £3.3m of furlough and similar payroll related contributions were received from local governments (Note 9). These have been credited within operating expenses.

Included within the total staff cost above is the remuneration of the Directors totalling £1.0m (2020: £1.0m). Details of Directors' remuneration, share options and pension entitlements are disclosed in the Directors' Remuneration Report. Details of pension costs are disclosed in Note 30 to the Group accounts.

8 Finance income and expense

Recognised in the income statement	2021 £m	2020 £m
Loan interest (Note 25)	0.2	_
Interest on lease liabilities (Note 21)	1.1	1.5
Finance expense	1.3	1.5

Continued

9 Loss before taxation

The Group loss before taxation is stated after charging/(crediting) the following:

	2021 £m	2020 £m
Fees payable to the Company's auditors and its associates in respect of		
the audit of the Group's annual accounts	0.1	0.1
the audit of the Company's subsidiaries, pursuant to legislation	0.1	0.1
Depreciation of owned assets	1.0	1.2
Depreciation of right of use asset	5.5	6.6
Impairment of owned assets	0.2	0.4
Right of use asset impairment	4.9	1.0
Store disposal and head office restructuring costs	0.9	0.9
Dilapidation costs	1.0	0.7
Bad debt provisions	0.4	1.0
Other professional fees	0.6	0.4
Short term leases - plant and machinery	0.1	0.2
Variable consideration and short term property leases	0.8	1.3
Rent receivable	(0.3)	(0.4)
Rent concessions from landlords	(1.1)	_
Furlough and payroll related contributions	(3.3)	_
Foreign exchange gains	(0.5)	(1.0)

The auditor's remuneration in respect of the audit of the Company was £15,000 (2020: £15,000). During the year, the fees payable to the auditors and their associates for non-audit services was £Nil (2020: £Nil) in respect of advisory services (£Nil (2020: £Nil)) and royalty and turnover reviews (£Nil (2020: £Nil)).

Loss before tax (19.7) (7 Adjusting items: 7 Provisions for bad debts and bad debt write-offs (Note 18) 0.4 1 Fixed asset impairments (Note 14) 0.2 0 Right of use asset impairment (Note 15) 4.9 1 Store and head office restructuring costs 0.9 0 Dilapidation costs (Note 22) 1.0 0 Other professional fees 0.6 0 Discontinued operations (Note 3) - 0	Deconciliation of less before toy to underlying energing less	Year ended 31 Jan 2021 £m	Year ended 31 Jan 2020
Adjusting items: Provisions for bad debts and bad debt write-offs (Note 18) Fixed asset impairments (Note 14) Right of use asset impairment (Note 15) Store and head office restructuring costs Dilapidation costs (Note 22) Other professional fees Discontinued operations (Note 3) Output Discontinued operations (Note 3)	Reconciliation of loss before tax to underlying operating loss		£m
Provisions for bad debts and bad debt write-offs (Note 18) Fixed asset impairments (Note 14) Right of use asset impairment (Note 15) Store and head office restructuring costs Dilapidation costs (Note 22) Other professional fees Discontinued operations (Note 3) Output Discontinued operations (Note 3) Output Discontinued operations (Note 3) Output Discontinued operations (Note 3)	Loss before tax	(19.7)	(7.8)
Fixed asset impairments (Note 14) Right of use asset impairment (Note 15) Store and head office restructuring costs Dilapidation costs (Note 22) Other professional fees Discontinued operations (Note 3) Oc. Oc. Oc. Oc. Oc. Oc. Oc. Oc	Adjusting items:		
Right of use asset impairment (Note 15) Store and head office restructuring costs Dilapidation costs (Note 22) Other professional fees 0.6 8.0 Discontinued operations (Note 3)	Provisions for bad debts and bad debt write-offs (Note 18)	0.4	1.0
Store and head office restructuring costs 0.9 0 Dilapidation costs (Note 22) 1.0 0 Other professional fees 0.6 0 B.0 4 Discontinued operations (Note 3) - 0	Fixed asset impairments (Note 14)	0.2	0.4
Dilapidation costs (Note 22) Other professional fees 0.6 8.0 Discontinued operations (Note 3) - 0.6	Right of use asset impairment (Note 15)	4.9	1.0
Other professional fees 8.0 Biscontinued operations (Note 3) - Continued operations (Note 3)	Store and head office restructuring costs	0.9	0.9
8.0 4 Discontinued operations (Note 3) – C	Dilapidation costs (Note 22)	1.0	0.7
Discontinued operations (Note 3) – C	Other professional fees	0.6	0.4
		8.0	4.4
Underlying operating loss (11.7)	Discontinued operations (Note 3)	-	0.5
	Underlying operating loss	(11.7)	(2.9)

Provisions for bad debts, net of VAT recoverable, of £0.4m (2020: £1.0m) have been expensed in the period relating to unpaid contractual debt due from wholesale export and licensing customers.

Right of use asset impairment of £4.9m (2020: £1.0m) has been expensed relating to UK/Europe stores whereby the future contractual obligation costs exceed the economic benefits forecast to be received. Current year charge of £0.9m (2020: £0.9m) has been expensed in the period relating to store and head office restructuring costs. Provisions for store disposal and dilapidation costs of £1.0m (2020: £0.7m) (Note 22) have been recognised in the period.

Other professional fees in the current year of £0.6m relate to refinancing costs with regards to securing the working capital facility. Prior year fees of £0.4m were in relation to the conclusion of the Group strategic review.

Continued

10 Taxation

a) Recognised in the statement of comprehensive income

	2021 £m	2020 £m
Current tax		
Deferred tax	-	-
Tax on loss (Note 10b)		_

The comparative prior year charge includes £Nil tax charge in respect of discontinued operations (Note 3).

b) Factors affecting tax charge for year

The tax charged for the year is different to the standard 19% (2020: 19%) rate of corporation tax in the UK. The differences are explained below:

	2021 £m	2020 £m
Loss before taxation	(19.7)	(7.8)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2020: 19%)	(3.7)	(1.5)
Effects of:		
Expenses not deductible	0.6	0.1
Share of joint venture tax credit which has been netted off within share of loss of joint ventures	-	0.1
Difference in effective tax rates on overseas earnings	_	_
Trading losses carried forward not recognised	3.1	1.3
Total tax charge for the year (Note 10a)	<u> </u>	

The effective tax rate in the future will be affected by the proportion of any profits or losses generated in the different tax jurisdictions and the ability to utilise past tax losses. In March 2020, the UK government announced that the UK corporation tax rate for the years from 1 April 2020 and 1 April 2021 would remain at 19% and in March 2021 announced that this will continue until 1 April 2023 when it will be increased to 25%.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 January 2021 has been calculated based on these rates.

c) Income tax recognised in other comprehensive income

	Before tax 2021 £m	Tax credit 2021 £m	Net of tax 2021 £m	Before tax 2020 £m	Tax charge 2020 £m	Net of tax 2020 £m
Currency translation differences on foreign overseas operations	(0.3)	_	(0.3)	(0.1)	_	(0.1)
Currency translation differences on foreign currency loans	0.4	_	0.4	(0.4)	0.2	(0.2)
Recycling of translation differences due to disposal of discontinued operation	_	_	-	(0.7)	_	(0.7)
	0.1	_	0.1	(1.2)	0.2	(1.0)

11 Dividends – equity

The Board is proposing that no dividend should be paid for the year (2020: £Nil).

Continued

12 (Losses)/earnings per share

Basic and diluted (losses)/earnings per share are calculated on 96,612,634 (2020: 96,612,634) shares being the weighted average number of ordinary shares during the year.

Basic and diluted losses per share of (20.4) pence per share (2020: (8.2) pence) is based on losses of $\mathfrak{L}(19.7)$ m (2020: $\mathfrak{L}(7.9)$ m) attributable to equity shareholders.

On continuing operations the basic losses per share of (20.4) pence per share (2020: (7.7) pence) is based on losses of £(19.7)m (2020: £(7.4)m) relating to continuing operations.

On discontinued operations the basic losses per share of \mathfrak{L} Nil pence per share (2020: (0.5) pence) is based on losses of \mathfrak{L} Nil (2020: \mathfrak{L} (0.5)m) relating to discontinued operations.

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

	2021 £m	2021 pence per share	2020 £m	2020 pence per share
Loss attributable to equity shareholders	(19.7)	(20.4)p	(7.9)	(8.2)p
Adjusting items (Note 9)	8.0	8.3p	4.4	4.6p
Discontinued operations (Note 3)	_	-	0.5	0.5p
Adjusted loss attributable to equity shareholders	(11.7)	(12.1)p	(3.0)	(3.1)p

The adjusted losses per share relates to the underlying operations and in the opinion of the Directors, gives a better measure of the Group's underlying performance than the basic losses per share.

13 Intangible assets

Goodwill	2021 £m	2020 £m
Cost		2011
At 1 February	13.3	14.1
Disposal	(1.0)	(0.8)
At 31 January	12.3	13.3
Impairment		
At 1 February	13.1	13.9
Disposal	(1.0)	(0.8)
At 31 January	12.1	13.1
Net book value at 31 January	0.2	0.2

Disposal costs of £1.0m (2020: £0.8m) relate to the closure of franchise stores. The goodwill relating to these stores was fully impaired and therefore there was no impact to the profit and loss account in either year. No impairment review has been performed during the year due to materiality.

Continued

14 Property, plant and equipment

2021	Short leasehold property £m	Plant equipment fixtures and fittings £m	Total £m
Cost			
At 1 February 2020	4.4	27.2	31.6
Currency movements	(0.1)	(0.1)	(0.2)
Additions	_	0.2	0.2
Disposals	(0.2)	(1.7)	(1.9)
At 31 January 2021	4.1	25.6	29.7
Depreciation			
At 1 February 2020	4.2	25.4	29.6
Currency movements	(0.1)	(0.1)	(0.2)
Charge for year	0.1	0.9	1.0
Impairment Disposals	(0.2)	0.2 (1.7)	0.2 (1.9)
At 31 January 2021	4.0	24.7	28.7
Net book value	0.1	0.0	1.0
At 31 January 2021		0.9	1.0
2020	Short leasehold property £m	Plant equipment fixtures and fittings £m	Total £m
Cost			
At 1 February 2019	5.6	34.6	40.2
Currency movements	-	(0.1)	(0.1)
Additions	-	1.1	1.1
Disposals	(1.2)	(8.4)	(9.6)
At 31 January 2020	4.4	27.2	31.6
Depreciation			
At 1 February 2019	5.4	32.3	37.7
Currency movements	-	(0.1)	(0.1)
Charge for year	-	1.2	1.2
Impairment	-	0.4	0.4
Disposals	(1.2)	(8.4)	(9.6)
At 31 January 2020	4.2	25.4	29.6
Net book value		4.0	0.0
At 31 January 2020	0.2	1.8	2.0

Impairments of £0.2m (2020: £0.4m) have been recognised during the year within adjusting items in operating expenses (Note 9) within the UK/Europe Retail operating segment. The current year impairment is a direct consequence of the COVID-19 pandemic and the impact on forecast future operating cash flows. The recoverable amount of tangible fixed asset net book values has been assessed against the forecast future operating cash flows of each separate cash generating unit and any identified impairment booked. Refer to Note 1 j) with regards to impairment accounting policy. The discount rate applied was 8% (2020: 4%) for the various geographical segments. The recoverable amount of the tangible net assets has been calculated based on its value in use.

The Group has no plant and equipment held under finance leases in both the current and prior years and no depreciation was charged during either year.

Continued

14 Property, plant and equipment continued

Property, plant and equipment with a net book value of £Nil was disposed of during the year (2020: £Nil). The residual net book value was disposed of for £Nil proceeds (2020: £Nil) resulting in a loss on disposal of £Nil (2020: £Nil) which was expensed to store closure costs.

The Group has £22.5m (2020: £25.7m) of gross assets with a £Nil net book value.

15 Right of use asset

Properties and leased vehicles	2021 £m	2020 £m
Cost		
At 1 February	25.4	24.2
Currency movements	_	(0.2)
Additions	0.5	1.6
Effect of modification to lease terms*	(8.0)	_
Disposal	(6.1)	(0.2)
At 31 January	19.0	25.4
Depreciation		
At 1 February	7.5	_
Currency movements	_	_
Charge for year	5.5	6.6
Impairment	4.9	1.0
Disposal	(5.5)	(0.1)
At 31 January	12.4	7.5
Net book value at 31 January	6.6	17.9

^{*} relates to modifications to existing lease agreements, with corresponding amount adjusted in lease liabilities.

Impairments of £4.9m (2020: £1.0) have been recognised during the year within adjusting items in operating expenses (Note 9) within the UK/Europe Retail operating segment. The current year impairment is a direct consequence of the COVID-19 pandemic and the impact on forecast future operating cash flows. The recoverable amount of right of use assets have been assessed against the forecast future operating cash flows of each separate cash generating unit and any identified impairment booked. Refer to Note 1 j) with regards to impairment accounting policy. The discount rate applied was 8% for the various geographical segments. The recoverable amount of the right of use asset has been calculated based on its value in use.

Right of use assets with a net book value of £0.6m (2020: £0.1m) were disposed of during the year relating to store closures. The residual net book value, net of residual lease liabilities written back on disposal (Note 21), resulted in a loss on disposal of £Nil (2020: £(0.1)m which was expensed to the income statement.

Continued

16 Investments

The Group's investments in joint ventures were disposed of during the prior year following cessation of trading. The trading results during the prior year have been reported within discontinued operations (Note 3).

	2021 £m	2020 £m
Share of current assets	_	_
Share of non-current assets	-	-
Share of current liabilities	_	_
Share of revenue	_	1.2
Share of expense		(1.6)
		(0.4)
The investments are accounted for using the equity method of accounting.		
17 Inventories		
	2021 £m	2020 £m
Raw materials and work in progress	0.1	0.1
Finished goods	23.6	28.7

During the year, inventory write-downs of £4.7m (2020: £2.3m) were expensed within cost of sales. The amount of inventory recognised as an expense within cost of sales during the current year is £40.5m (2020: £60.1m).

All inventory is valued at the lower of cost and net realisable value. There is no inventory carried at fair value less costs to sell either in the current or prior year.

23.7

28.8

18 Trade and other receivables

	2021 £m	2020 £m
Trade receivables	9.9	11.0
Amounts owed from related parties	0.6	0.9
Other receivables	2.8	2.1
Prepayments	1.7	2.3
Accrued income	2.9	3.2
	17.9	19.5

No receivables are due in more than one year and are non-interest bearing. Standard credit terms provided to customers differ, but are typically between 30 and 60 days.

Included within trade and other receivables is a bad debt provision of £3.7m (2020: £3.5m) including £2.2m (2020: £2.0m) unpaid contractual debt due from our Indian licensing partner. During the year £0.2m (2020: £1.0m) of bad debts were provided and £0.2m (2020: £Nil) of bad debts were written off relating to wholesale export and licensing customers (Note 28).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in Note 28.

Continued

19 Cash and cash equivalents

	2021 £m	2020 £m
Cash and cash equivalents	5.2	8.1

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 28.

20 Current trade and other payables

	2021	2020
	£m	£m
Trade payables	11.2	9.9
Other taxation and social security	1.3	2.0
Accruals	8.2	7.1
Deferred income	0.8	2.2
	21.5	21.2

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 28.

Continued

21 Lease liabilities

	2021 £m	2020 £m
Maturity analysis – contractual undiscounted cash flows	- April -	2111
Less than one year	5.9	10.2
One to five years	14.2	18.6
More than five years	2.2	4.5
Total undiscounted lease liabilities at 31 January	22.3	33.3
Lease liabilities in the statement of financial position at 31 January		
Current	5.1	9.1
Non-current	15.0	20.9
	20.1	30.0
		30.0
Lease liabilities reconciliation		
Lease liabilities (undiscounted)	22.3	33.3
Interest	(2.2)	(3.3)
Total discounted lease liabilities at 31 January	20.1	30.0
Amounts charged/(credited) in the Income Statement		
Interest on lease liabilities	1.1	1.5
Variable payments not included in the measurement of lease liabilities	_	_
Expenses relating to short-term leases	0.8	1.3
Expenses relating to leases of low-value assets	0.1	0.2
Income from sub-leasing right-of-use assets	(0.3)	(0.4)
Rent concessions from landlords	(1.1)	_
	0.6	2.6
Amounts recognised in the statement of cash flows		
Total cash outflow for leases	5.2 	11.4
	2021	2020
Lease liabilities	£m	£m
Balance at 1 February Cash items:	30.0	38.5
Lease payments	(5.2)	(11.4)
Interest	1.1	1.5
	(4.1)	(9.9)
	(7-1)	(0.0)
Non-cash items:		
Currency movements	(0.1)	(0.2)
Additions	0.5	1.7
Effect of modification to lease terms	(0.8)	_
Rent concessions	(1.1)	_
Rent payment deferrals*	(3.7)	_
Disposal	(0.6)	(0.1)
	(5.8)	1.4
Balance at 31 January	20.1	30.0

Continued

22 Provisions

Dilapidations	2021 £m	2020 £m
Balance at 1 February	0.7	0.7
Utilised during the year	(0.2)	(0.7)
Charged during the year	1.0	0.7
Balance at 31 January	1.5	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. Total charge during the year has been expensed to adjusting items (Note 9) within operating expenses in the income statement. Closing provision of £1.5m (2020: £0.7m) includes non-current liabilities due after more than one year of £0.7m (2020: £0.3m).

In the prior year, provisions were recorded to reflect the estimated committed closure costs of identified underperforming retail stores including onerous leases whereby the future contractual obligations exceeded the forecast economic benefits. Onerous lease provision was reclassified to the right of use asset on IFRS 16 transition.

23 Deferred tax

Deferred tax assets are attributable to the following:

Recognised	2021 £m	2020 £m
Trading losses	4.5	1.7
Property, plant and equipment	-	1.3
Other temporary timing differences	_	1.5
	4.5	4.5

As the Group returns to profit, these tax losses can be utilised. Additional information is available in the 'Viability statement' in the Directors' Report and in Note 31 'Accounting estimates and judgements'.

Not recognised	Gross value 2021 £m	Asset 2021 £m	Gross value 2020 £m	Asset 2020 £m
Trading losses	86.4	16.5	74.4	13.6
Property, plant and equipment	9.8	1.9	_	_
Other temporary timing differences	9.2	2.0	0.4	0.1
	105.4	20.4	74.8	13.7

Continued

24 Share capital and share options

Ordinary shares of 1 pence each	2021	2021	2020	2020
	Number	£m	Number	£m
Allotted, called up and fully paid shares at the beginning and end of the year	f 96,612,934	1.0	96,612,934	1.0

Ordinary shareholders have rights to dividends.

At 31 January 2021, no options remain outstanding in respect of ordinary shares of 1p each in the Company. Share options granted are subject to detailed performance conditions. Options which do not vest following the application of the performance conditions lapse and become unavailable for exercise. More details of the share option scheme can be found in the Directors' Remuneration Report.

	Weighted average exercise price 2021	Number of options 2021	Weighted average exercise price 2020	Number of options 2020
Outstanding at the beginning of the period	_	-	34.72p	687,736
Lapsed during the period	_	_	34.72p	(687,736)
Outstanding at the end of the period	_	-	_	_

There are no share options exercisable at the year-end.

The fair value of the share options granted is not considered to be material to the accounts in the current year.

25 Analysis of net debt

2021	1 February £m	Cash flow £m	Non cash changes £m	31 January £m
Cash and cash equivalents	8.1	(3.0)	0.1	5.2
Loans	-	(6.5)	-	(6.5)
Lease liabilities (Note 21)	(30.0)	4.1	5.8	(20.1)
Lease liabilities*	-	-	(3.7)	(3.7)
Net debt	(21.9)	(5.4)	2.2	(25.1)

^{*}lease liabilities of £3.7m are reported within trade payables at the year-end.

On 24 July 2020 the Group arranged a $\mathfrak{L}15m$ UK working capital facility with Hilco Capital for the next two years which is secured against the assets of the UK business. As at 31 January 2021, the loan drawdown was $\mathfrak{L}1.8m$ (2020: $\mathfrak{L}Nil$) which is all repayable after more than one year. Interest is accrued at 7.5% per annum on the loan repayable and 1.5% per annum on the unutilised facility.

In December 2020, the Group arranged a \$6.5m US credit facility from Flushing Bank via the US federal government 'Main Street' lending program. The loan is repayable over five years and is secured against the assets of the US division. As at 31 January 2021, \$6.5m (£4.7m) was repayable after more than one year. Interest is accrued on the loan repayable at LIBOR plus 300 basis points.

Cash and cash equivalents	16.2	£m -	(8.0)	(0.1)	8.1
Lease liabilities Net debt	16.2	(38.5) (38.5)	9.9 	(1.4) (1.5)	(30.0)

Continued

26 Commitments

Aggregate future rentals receivable under non-cancellable leases at 31 January 2021 for which no accrual has been made in these accounts were as follows:

Leasehold property	2021 £m	2020 £m
Operating leases which expire:		
Within one year	_	0.2
	_	0.2

Rentals receivable relate to sublet operating leases where only a minority of the total property has been sublet.

At 31 January 2021 the Group had contracted capital commitments not provided for in the accounts of £0.1m (2020: £0.1m).

27 Contingent liabilities

The Group has a number of sublet and assigned properties. In the event that the tenants of these properties default, the Group may be liable. At the year end, the total annual commitment amounted to £0.5m (2020: £0.5m).

28 Financial instruments

Details of financial risk management, treasury policies and use of financial instruments are set out in the section entitled 'Principal risks and uncertainties' within Our Business.

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its cash position on a regular basis through the use of regularly updated cash flow forecasts, and believes that it has sufficient and appropriate net funds and facilities available.

Interest rate risk

The Group does not use interest rate financial instruments. The Group regularly monitors and reacts accordingly to any exposure to fluctuations in interest rates and the impact on its monetary assets and liabilities.

Foreign currency risk

The Group is exposed to foreign currency risks on sales, purchases and cash holdings that are denominated in a currency other than Sterling. The currencies giving rise to this risk are primarily the Hong Kong Dollar and Euro. The Group's policy is to reduce the risk associated with purchases denominated in foreign currencies, by using forward fixed rate currency purchase contracts up to a maximum of one year forward, taking into account any forecast foreign currency cash flows.

In respect of other monetary assets and liabilities held in currencies other than the Hong Kong Dollar, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group's policy is not to hedge the translational exposure that arises on consolidation of the statement of income at overseas subsidiaries.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises primarily from its trade receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The Group applies the simplified approach to providing for expected credit losses which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on a very low credit risk characteristic, representing management's view of the risk, and the days past due. The expected credit losses incorporate forward looking information. Expected irrecoverable amounts on balances with indicators of impairment are provided for based on past default experience adjusted for expected behaviour.

The amounts recognised in the balance sheet are net of appropriate allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. At the balance sheet date, there were no significant concentrations of credit risk by customer or by geography.

Continued

28 Financial instruments continued

Credit risk associated with cash balances and derivative financial instruments is managed by transacting with an existing relationship bank with strong investment grade rating. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

A default on a financial asset is when the counterparty fails to make contractual payments within agreed terms. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments. Where loans or receivables have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the profit or loss.

Exposure to credit risk

Hong Kong

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying	amount
	2021 £m	2020 £m
Trade and other receivables	12.7	13.1
Cash and cash equivalents	5.2	8.1
	17.9	21.2
The maximum exposure to credit risk for trade and other receivables at the reporting	g date by geographic region was:	
	Carrying	amount
	2021 £m	2020 £m
UK/Europe	9.0	10.8
North America	3.6	1.9

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2021 £m	2020 £m
Wholesale customers	9.9	11.0

0.1

12.7

0.4

13.1

The ageing of gross trade receivables at the reporting date was:

	Gross 2021 £m	Impairment 2021 £m	Gross 2020 £m	Impairment 2020 £m
Current	4.3	-	8.1	_
30 days	1.6	-	1.4	_
60 days	3.3	-	1.1	_
More than 60 days	2.9	(2.2)	2.6	(2.2)
	12.1	(2.2)	13.2	(2.2)

An impairment has been recorded against the trade receivables that the Group believes may not be recoverable.

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due.

Continued

28 Financial instruments continued

The movement in the impairment provision in respect of trade and other receivables during the year was as follows:

	Т	Other		
Impairment	2021 £m	2020 £m	2021 £m	2020 £m
At 1 February	2.2	1.2	1.3	1.3
Utilisation	(0.2)	_	_	_
Increase in provision	0.2	1.0	0.2	_
At 31 January	2.2	2.2	1.5	1.3

Included within accrued income is an impairment provision of £1.5m (2020: £1.3m) (see Note 18).

Interest rate profile of financial assets

	Financial a on which interest is re	no	Floating I		Total	
Interest rate profile	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Sterling	0.1	0.1	0.9	4.5	1.0	4.6
US Dollar	_	-	3.3	1.2	3.3	1.2
Hong Kong Dollar	_	-	0.2	0.2	0.2	0.2
Other	–	<u> </u>	0.7	2.1	0.7	2.1
Total	0.1	0.1	5.1	8.0	5.2	8.1

Financial assets comprise cash and short term deposits. No interest has been generated in the year on the financial assets.

Interest rate profile of financial liabilities

	Floating rate financial liabilities Total				
nterest rate profile	2021 £m	2020 £m	2021 £m	2020 £m	
Sterling	1.8	_	1.8	_	
US Dollar	4.7	_	4.7	-	
Total	6.5		6.5	_	

Financial liabilities comprise floating rate bank loans (Note 25). The effective interest rate on floating rate financial liabilities during the year was 2.9%. There were no fixed or floating rate financial liabilities in the prior year.

Contractual maturities of financial liabilities

	Group carrying amount 2021 £m	Group contractual cash flows 2021 £m	Group carrying amount 2020 £m	Group contractual cash flows 2020 £m
Bank loans	6.5	6.5	_	_
Trade payables	11.2	11.2	9.9	9.9
Other taxation and social security	1.3	1.3	2.0	2.0
Accruals	8.4	8.4	7.1	7.1
Provisions	1.5	1.5	0.7	0.7
	28.9	28.9	19.7	19.7

Trade payables, other taxation and social security and accruals are due within one year. Bank loans are repayable after more than one year (Note 25). Maturity analysis of provisions is disclosed within Note 22.

Maturity analysis of lease liabilities is included in Note 21. There are no contracted hedging contracts as at the year end.

Continued

28 Financial instruments continued

Currency exposure

Net monetary assets and liabilities of the Group that are not denominated in the local functional currency were as follows:

31 January 2021 Net foreign currency monetary assets/(liabilities)	Sterling £m	US Dollar £m	Canadian Dollar £m	Hong Kong Dollar £m	Euro £m	Other £m	Total £m
Trade and other							
receivables	1.0	0.2	_	-	0.3	0.1	1.6
Cash and overdraft	0.1	0.2	-	_	0.2	0.1	0.6
Trade and other payables	_	(1.6)	-	_	(0.1)	_	(1.7)
Intercompany balances	1.0	0.4	11.3	(5.1)	8.9	_	16.5
Total	2.1	(0.8)	11.3	(5.1)	9.3	0.2	17.0
31 January 2020			Canadian	Hong Kong			
Net foreign currency monetary assets/(liabilities)	Sterling £m	US Dollar £m	Dollar £m	Dollar £m	Euro £m	Other £m	Total £m
Trade and other							
receivables	1.4	0.2	_	_	0.7	0.1	2.4
Cash and overdraft	0.1	0.5	-	_	1.2	_	1.8
Trade and other payables	(0.1)	(2.1)	_	_	(0.4)	_	(2.6)
Intercompany balances	(0.1)	(1.5)	12.1	(4.9)	8.1	_	13.7
Total	1.3	(2.9)	12.1	(4.9)	9.6	0.1	15.3

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
US Dollar	1.289	1.280	1.371	1.319
Canadian Dollar	1.722	1.694	1.751	1.744
Hong Kong Dollar	9.997	10.018	10.626	10.246
Euro	1.121	1.145	1.129	1.191

Sensitivity analysis

A 10% strengthening of Sterling against the following currencies at 31 January would have increased/(decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant. This analysis is performed on the same basis for the prior year.

	Equity 2021 £m	Profit and loss 2021 £m	Equity 2020 £m	Profit and loss 2020
US Dollar	_	0.1	_	0.3
Canadian Dollar	(1.1)	(0.1)	(1.1)	_
Hong Kong Dollar	0.4	0.2	0.4	(0.1)
Euro	(0.5)	(0.4)	(0.5)	(0.4)
	(1.2)	(0.2)	(1.2)	(0.2)

Continued

28 Financial instruments continued

Borrowing facilities

Working capital credit facilities of £20m were available to the Group at 31 January 2021 (31 January 2020: £Nil). The Group, on 24 July 2020, 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.

The Group also has bank guarantees of £0.9m at 31 January 2021 (2020: £0.9m) which are secured by equivalent cash deposits in a designated client bank account (in the comparative year by a fixed and floating charge over the assets of the Company).

Fair values

The fair value of the Group's financial instruments at 31 January 2021 were as follows:

	31 Janua	ary 2021	31 Janua	ry 2020
	Carrying amount £m	Estimated fair value £m	Carrying amount £m	Estimated fair value £m
Primary financial instruments used to finance the Group's operations:				
Cash and cash equivalents	5.2	5.2	8.1	8.1
Trade receivables	9.9	9.9	11.0	11.0
Bank loans	(6.5)	(6.5)	_	_
Trade payables	(11.2)	(11.2)	(9.9)	(9.9)

The fair value of derivative financial instruments is determined using discounted cash flow techniques based on readily available market data and represent a Level 2 measurement in the fair value hierarchy under IFRS 7. Level 2 is defined as inputs other than quoted prices in active markets that are observable for the asset or liability.

Capital management

The capital structure of the Group consists of net funds and equity attributable to the equity holders of the parent Company, comprising issued share capital, reserves and retained earnings. The Group manages its capital with the objective that all entities within the Group continue as going concerns. The Group is not subject to any externally imposed capital management.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. To achieve this the Board of Directors monitors the balance sheet, the working capital, the cash flows and the level of dividends paid to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

At the year end, employees, including the Chairman, hold 41.5% (2020: 41.5%) of ordinary shares. There are no share options issued at the current or prior year-end.

The Company will request permission from shareholders if deemed necessary to purchase its own shares.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements

29 Directors' interests and related party transactions

The Group made sales of £Nil (2020: £0.1m) to FCUK IT Company and £Nil (2020: £0.2m) to FCIT China Limited during the year, both of which were Asian joint venture operations which ceased trading in the prior year. There were no closing liabilities due from the respective joint ventures at the end of the current or prior year. The results of the joint venture operations are reported within discontinued operations (Note 3).

There are no related party transactions between French Connection Group PLC and the non-controlling interest subsidiary undertakings.

The Group was invoiced for property costs relating to 202 Westbourne Grove, London and recharged these costs to SAM Corporation Limited. Stephen Marks, Chairman and Chief Executive of French Connection Group PLC is a Director of French Connection Group PLC and is the sole shareholder of SAM Corporation Limited. The total cost invoiced and recharged during the year was £344,239 (2020: £464,506) and was conducted at arm's length. The total amount due to French Connection Group PLC at 31 January 2021 from SAM Corporation Limited was £621,899 (2020: £870,770). The debt continues to be serviced and regular payments have been received during the year.

The Group made sales of £560 (2020: £13,580) to Cruise Clothing Limited and £Nil (2020: £6,891) to Van Mildert (Lifestyle) Limited. The Group also raised credit notes of £(209,067) (2020: sales of £579,540) to Sportsdirect.com Retail Limited. The Group also

Continued

29 Directors' interests and related party transactions continued

incurred sales commissions of £766,899 (2020: £1,726,122) payable to House of Fraser Limited during the year on revenue generated in House of Fraser concessions.

All of the above transactions were conducted at arm's length. The ultimate controlling party of all these companies is M J W Ashley, who is also a majority shareholder of Sports Direct International PLC. Sports Direct International PLC had a 26% (2020: 26%) shareholding in French Connection Group PLC at 31st January 2021 which was fully disposed of post year-end in February 2021.

The total amount due to/(from) French Connection Group PLC at 31 January 2021 was £Nil (2020: £487,447) from Sportsdirect. com Retail Limited, £(137) (2020: £5,753) from Cruise Clothing Limited and £Nil (2020: £3,066) from Van Mildert (Lifestyle) Limited. Commissions payable to House of Fraser Limited at 31 January 2021 were £59,683 (2020: £245,116).

At 31 January 2021, Stephen Marks, Chairman and Chief Executive had an interest in 40,094,190 ordinary shares (2020: 40,094,190) of which 2,281,500 shares (2020: 2,281,500) were held by family members or in family trusts, representing in aggregate 41.5% (2020: 41.5%) of the total issued ordinary share capital of the Company. Details of the Directors' remuneration, being the key management personnel, are disclosed in the Directors' Remuneration Report.

30 Pension costs

The Group operates a Group defined contribution scheme and contributes towards a number of personal pension plans. The assets of these schemes are held separately from those of the Group in independently administered funds.

The pension cost charge for the year was £0.4m (2020: £0.4m). At 31 January 2021 and 31 January 2020 there were no outstanding amounts payable to the schemes.

31 Accounting estimates and judgements

In preparing these consolidated financial statements, management has made judgements and estimates that affect application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

The following accounting judgements have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities:

Loan facility fee – the Group incurred $\mathfrak{L}0.75$ m with regards to securing the UK working capital facility. This has been treated outside the scope of IFRS 9 on the basis that the facility fee relates to a payment for liquidity and the availability of a facility as opposed to a transaction cost inherent within the usage of the facility. The facility fee has been amortised over the two year life of the facility and the balance sheet includes $\mathfrak{L}0.5$ m prepayment at the year-end. Accounting under IFRS 9 would result in the netting off of the $\mathfrak{L}0.5$ m against the year-end loan creditor.

Going concern - As part of the assessment of the Going Concern assumption, the Board has prepared and reviewed an FY22 detailed Budget and the initial months of the FY23-FY26 Long Range Plan. The preparation of these budgets has involved judgment on the part of the Directors in their assessment of expected economic recovery once lockdown restrictions are fully lifted. In addition to this, when assessing the Going Concern assumption, the Directors have used their judgment in assessing the likelihood of being able to re-finance the UK facility prior to July 2022, based on their knowledge of the market and preliminary discussions with lending partners. For further details of judgements and assessments made in assessing going concern, see note 1a) Going Concern Accounting Policy.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 January 2021 that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are included below:

Deferred tax asset – the Directors have used their knowledge and experience of the fashion industry to prepare budgets and forecasts to support the recognition of the deferred tax asset to the extent that is probable that future taxable profits will be available against which the asset can be utilised. The support of the deferred tax asset has been tested in conjunction with the Group's budget, long range plan and relevant sensitivity analyses. The total deferred tax asset recognised of £4.7m within non-current asset (£4.5m) and within other reserves (£0.2m) is equivalent to £22.6m of future taxable profits at the current Group global effective tax rate of 21%. The attainment of these future profits is dependent on numerous growth assumptions across the wholesale, ecommerce and licensing channels of the US division within the Group. Each £1m decline in forecast future taxable profits is equivalent to a reduction in the recognised deferred tax asset of £0.21m. The amount of deferred tax recognised and unrecognised is presented in Note 23.

Right of use store asset provision – the Directors have used their knowledge and experience of the retail industry in determining the level and rates of impairment provisioning required. Individual stores have been identified as separate cash generating units and the recoverable amount of the right of use asset of each store has been assessed against the forecast future operating cash

Continued

31 Accounting estimates and judgements continued

flows of each respective store. The latest annual budget and long range plan have been used to identify the onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the forecast economic benefits. The total carrying amount of the Group right of use asset at 31 January 2021 is £6.6m (2020: £17.9m) (Note 15).

The cash generation from retail outlet stores has been calculated on a separate basis from full-price stores. These outlet stores focus on selling discounted older season product and therefore the cash generation of these individual units has been calculated by comparing total sales against total cash running costs. The cost of sales has been excluded from the calculation because the stock transferred to outlets from full-price stores has already been written down and any markdown provision already charged to the profit and loss account. The impairment of the right of use asset of these outlet stores would increase net operating expenses by £0.3m in the current year.

A 'Base' Case budget has been prepared representing the scenario management expects most likely to occur. Within the Base Case, there is an assumed level of recovery in FY22 versus FY21 across all revenue streams; based on management's current view of how we expect both French Connection and the economy to recover once lockdown restrictions are lifted. Where necessary we have benchmarked FY22 Budget to FY20 levels, with FY20 a more sensible base as FY21 was so heavily impacted by the pandemic. For UK Retail, we have assumed all stores reopen from April 2021 and do not assume any further lockdowns.

As a direct result of the pandemic in the current year, the ROU asset has been impaired by £4.9m (2020: £1.0m) for the year-ended 31 January 2021. The significant assumption implicit with regards to the onerous stores identified with regards to the estimation regarding the sublet rent that could be attained as a percentage of the current market rent paid has been amended from the prior year. The Directors have used their knowledge of the retail property market and current economic climate to estimate that no attainable sublet income can be achieved. A like-for-like decline of 10% in the year-ended January 2022, assuming no alternative actions are taken, would require an additional £0.1m current year right of use asset impairment provision. The right of use asset impairment provision recognised is disclosed in Note 15.

Dilapidations – the Directors have used historical data to calculate the dilapidations provision recognised at the year-end. The calculation methodology determines the average pound per square foot incurred for each location that has borne a dilapidations cost at the end its leasehold life in the last three years. In addition, the percentage of sites that have incurred an actual dilapidations cost is calculated as a proportion of all of the properties that have closed in this three year period. The average pound per square foot multiplied by the estimated proportion of locations that will bear dilapidations is extrapolated across the whole lease portfolio. If 100% of the locations incurred dilapidation costs at the end of their respective lease terms, an additional £1.2m dilapidations provision and corresponding right of use asset would be recognised on the balance sheet. The dilapidation provision recognised at the year-end is £1.5m (2020: £0.7m) (Note 22).

Continued

32 Related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries and joint ventures as at 31 January 2021 is disclosed below. Unless otherwise stated, each of the subsidiary undertakings is wholly owned through ordinary shares by French Connection Group PLC. All of the subsidiary undertakings are included within the consolidated financial statements. All trading companies are engaged in the principal activities of the Group, as defined in the Director's report.

the Group, as defined in the Director's report.		
	Country of Incorporation, Registration and	
Company and Address	Operation	Principal Activity
French Connection Limited ¹ First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England	England	Brand management and licensing
French Connection UK Limited First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England	England	Supply of fashion merchandise
French Connection (London) Limited ¹ First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England	England	Supply of fashion merchandise
French Connection Ecommerce International Limited ¹ First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England	England	Supply of fashion merchandise
French Connection (Hong Kong) Limited Room 01, 22/F, Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Hong Kong	British Virgin Islands (operates in Hong Kong)	Supply of fashion merchandise
French Connection No 2 pour Hommes Sàrl * 23 Rue Jean Jacques Rousseau, 75001 Paris, France	France	Supply of fashion merchandise
PreTex Textilhandels GmbH * 53 Cecilienallee, 40474 Düsseldorf, Germany	Germany	Supply of fashion merchandise
French Connection Group, Inc. * 18410 Jamaica Avenue, 3rd Floor, Hollis, New York 11423, USA Louisiana Connection, Ltd. *	USA	Supply of fashion merchandise
18410 Jamaica Avenue, 3rd Floor, Hollis, New York 11423, USA Roosevelt Connection, Ltd. *	USA	Supply of fashion merchandise
18410 Jamaica Avenue, 3rd Floor, Hollis, New York 11423, USA Soho Connection, Ltd. *	USA	Supply of fashion merchandise
18410 Jamaica Avenue, 3rd Floor, Hollis, New York 11423, USA Westwood Connection, Ltd. *	USA	Supply of fashion merchandise
18410 Jamaica Avenue, 3rd Floor, Hollis, New York 11423, USA French Connection (Canada) Limited	USA	Supply of fashion merchandise
230 North Queen Street, Toronto, Ontario, Canada YMC Limited (75%)	Canada	Supply of fashion merchandise
First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England The French Connection Overseas Limited	England	Supply of fashion merchandise
First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England French Connection (China) Limited	England	Holding Company
First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England French Connection Holdings, Inc.	England	Holding Company
18410 Jamaica Avenue, 3rd Floor, Hollis, New York 11423, USA Contracts Limited	USA	Holding Company
First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England Western Jean Company Limited	England	Dormant
First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England Efsel Limited	England	Dormant
First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England NF Restaurants Limited	England	Dormant
First Floor, Centro One, 39 Plender Street, London, NW1 0DT, England	England	Dormant
NF Trading LLC 18410 Jamaica Avenue, 3rd Floor, Hollis, New York 11423, USA	USA	Dormant
	USA	Dormant
FCUK IT Company (50% partnership) + 31/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Hong Kong	Dormant
FCIT China Limited (50%) + 31/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Hong Kong	Dormant
Glory Premium Limited (50%) + 31/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Hong Kong	Dormant
FCIT Macau Limited (50%) + 31/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Macau	Dormant
Kenchart Apparel (Shanghai) Limited (50%) + Room H625, Floor 6, H District (East Building), No.666 East Beijing Road, Huang pu District, Shanghai, China	China	Dormant

^{1 100%} subsidiaries have taken the exemption from audit under section 479a of the Companies Act 2006.

^{*} Shares are held by subsidiary undertakings

⁺ Joint ventures accounted for using the equity method

COMPANY BALANCE SHEET

At 31 January 2021

	Note	2021 £m	2020 £m
Non-current assets			
Tangible assets	3	0.3	0.5
Right of use asset	4	4.2	5.1
Investments	5	9.5	29.1
Deferred tax assets	9	–	0.5
Total non-current assets		14.0	35.2
Current assets			
Debtors	6	0.9	0.7
Cash at bank and in hand		_	_
Total current assets		0.9	0.7
Total assets		14.9	35.9
Non-current liabilities			
Lease liabilities	8	(5.8)	(7.2)
Total non-current liabilities		(5.8)	(7.2)
Current liabilities			
Creditors	7	(6.1)	(15.3)
Lease liabilities	8	(1.4)	(1.4)
Total current liabilities		(7.5)	(16.7)
Total liabilities		(13.3)	(23.9)
Net assets		1.6	12.0
Capital and reserves			
Called-up share capital		1.0	1.0
Share premium account	10	9.8	9.8
Profit and loss account	10	(9.2)	1.2
Equity shareholders' funds		1.6	12.0

The Company has elected to take the exemption permitted under Section 408 of the Companies Act 2006 not to present the Company's profit and loss account. The Company's loss for the year was £(10.4)m (2020: £(12.5)m).

The notes on pages 85 to 90 form part of these accounts.

These accounts were approved by the Board of Directors on 28 April 2021 and were signed on its behalf by:

Neil Williams Lee Williams Director Director

Company Number: 1410568

COMPANY STATEMENT OF CHANGES IN EQUITY

At 31 January 2021

	Share capital £m	Share premium £m	Profit and loss account £m	Total equity £m
Balance at 31 January 2019, as previously reported	1.0	9.8	16.4	27.2
Impact of change in accounting policy of IFRS 16			(2.7)	(2.7)
Adjusted balance at 1 February 2020	1.0	9.8	13.7	24.5
Loss for the year ended 31 January 2020			(12.5)	(12.5)
Balance at 31 January 2020, as previously reported	1.0	9.8	1.2	12.0
Loss for the year ended 31 January 2021			(10.4)	(10.4)
Balance at 31 January 2021	1.0	9.8	(9.2)	1.6

1 Accounting policies

a) Basis of preparation

French Connection Group PLC (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The results of the Company are included in the consolidated financial statements of French Connection Group PLC.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries;
- capital management disclosures (IAS 1);
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of French Connection Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument;
- IAS 24 Related Party transactions.

b) Basis of accounting

The accounts have been prepared under the historical cost accounting rules, except for derivative financial instruments measured at fair value, and in accordance with applicable accounting standards. As permitted by Section 408 of the Companies Act 2006, the profit and loss account under FRS 101 of the Company is not presented.

Going Concern

Refer to Group accounting policies Note 1.

c) Depreciation

Depreciation is provided to write off the cost less estimated residual value of fixed assets by equal annual instalments over their useful lives, which are estimated to be as follows:

Plant, equipment, fixtures and fittings: 3 to 10 years

d) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of temporary differences between the treatment of certain items for taxation and accounting purposes. Full provision has been made for deferred taxation arising from temporary timing differences between the recognition of income and expenditure for taxation and accounting purposes. Deferred tax amounts are not discounted.

e) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date. Transactions in the period are translated into Sterling at the rates of exchange ruling on the date of transaction or at hedged rates. Resulting exchange differences are taken to the profit and loss account. Forward fixed rate currency purchase contracts are used.

f) Leased assets

In the prior year, the Group applied IFRS 16 using the modified retrospective approach. In the current reporting period, in relation to leases where the Group has the right to control the use of an identified asset, the Group has recognised on the balance sheet a right of use asset and a lease liability at the lease commencement date. The lease liability is measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The right of use asset is matched in value to the lease liability at inception subject to any lease inducements. The right of use asset is depreciated on a straight line basis over the life of the lease whilst the interest charged on the outstanding lease liability is front-loaded and higher in the earlier years decreasing over the life of the lease.

The Group has adopted the option not to recognise right-of-use assets and liabilities for short-term property leases that have a remaining lease term of less than twelve months and low-value asset leases. Leases with variable rent payments, notably turnover rents, are outside the scope of IFRS 16 and have also been excluded. These costs have been expensed to the Income Statement on a straight-line basis over the lease term.

Continued

1 Accounting policies continued

During 2020, the Group has received a number of property rental discounts from landlords as a result of the impact of government lockdowns and related retail store closures. IFRS 16 Leases: Amendments in relation to Covid-19-related rent concessions, effective from 1 June 2020, confirms that such rent concessions can be accounted for as variable lease payments and not lease modifications, as long as there is no substantive change to the terms of the lease and lease reductions relate to periods pre-June 2021. The Group has therefore credited the reduction in the lease liabilities resulting from these rent concessions to the profit and loss account in the current financial period.

g) Pension cost

Pension costs charged to the profit and loss account represent the amount of contributions payable to defined contribution and personal pension schemes in respect of the period.

h) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity trade and other receivables, cash and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value including any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost less any impairment losses.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

i) Investments

Investments are stated at cost less provision for impairment.

j) Share capital

When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. The cost of own shares purchased to satisfy the exercise of employee share options is charged to total equity and the proceeds of their reissue are credited to total equity.

k) Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

I) Guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of fellow subsidiaries or of third parties, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2 Staff numbers and operating costs

All Directors and staff are employed by French Connection (London) Limited, a subsidiary undertaking. Details of staff numbers and costs are shown in that Company's accounts. Directors' remuneration is disclosed in the Directors' Remuneration Report.

The audit fee of the Company is disclosed in Note 9 to the Group accounts.

Continued

3 Property, plant and equipment

	equipment fixtures and
2021	fittings £m
Cost or valuation	
At 1 February 2020	3.3
Additions	0.1
Disposals	(0.1)
At 31 January 2021	3.3
Depreciation	
At 1 February 2020	2.8
Charge for year	0.3
Disposals	(0.1)
At 31 January 2021	3.0
Net book value	
At 31 January 2021	0.3
2020	Plant equipment fixtures and fittings £m
Cost or valuation	
At 1 February 2019	3.1
Additions	0.3
Disposals	(0.1)
At 31 January 2020	3.3
Depreciation	
At 1 February 2019	2.6
Charge for year	0.3
Disposals	(0.1)
At 31 January 2020	2.8
Net book value	
At 31 January 2020	0.5

Continued

4 Right of use asset

Properties and leased vehicles	2021 £m	2020 £m
		2111
Cost		
At 1 February	5.9	5.9
Additions	0.1	_
Disposal	(0.1)	_
At 31 January	5.9	5.9
Depreciation		
At 1 February	0.8	_
Charge for year	0.9	0.8
Impairment	0.1	_
Disposal	(0.1)	_
At 31 January	1.7	0.8
Net book value at 31 January	4.2	5.1

Of the $\mathfrak{L}0.9$ m (2020: $\mathfrak{L}0.8$ m) depreciation, $\mathfrak{L}0.0$ m (2020: $\mathfrak{L}0.1$ m) was borne by the Company and the balance recharged to other Group Companies.

5 Investments

	2021	2020
Investments in subsidiary undertakings	£m	£m
Cost		
At 1 February	157.2	157.2
Disposal	(2.8)	_
At 31 January	154.4	157.2
Provision		
At 1 February	128.1	121.2
Charge for year	19.6	6.9
Disposal	(2.8)	_
At 31 January	144.9	128.1
Carrying amount		
At 31 January	9.5	29.1

Investment disposal in the year at £Nil carrying value relates to the investment in the Group's US subsidiary company, NF Trading LLC. Company liquidation proceedings commenced prior to the year-end and the Company was formally dissolved in March 2021.

The Directors have conducted an impairment review comprising a comparison of the carrying amount of the investment with its recoverable amount being the higher of its fair value less costs of disposal and value in use. The recoverable amount has been determined as the net realisable value. To the extent that the carrying amount exceeds the recoverable amount, the investment is impaired and has been provided against. The impairment movement in the year has been recognised in the profit and loss account.

An impairment of £19.6m (2020: £6.9m) relating to the Group's investment in subsidiary company, French Connection UK Limited, has been recognised in the current year. The impairment loss was due to the current trading conditions and a resulting decline in the value of the company net asset position. The recoverable amount of the net assets of the subsidiary has been calculated based on its fair value less costs of disposal. The net assets of the subsidiary principally comprise fixed assets, stock, other receivables, trade creditors and cash. The fair value of these assets have been calculated using Level 3 measurements to the extent that Level 1 and 2 market inputs are not observable. The measurements have been based on internal calculations of the net realisable value of each of the subsidiary company's assets and liabilities in line with the Group accounting policies (Note 1) relating to property, plant and equipment (1 (g)), inventories (1 (i)), and other working capital items subject to any related impairments (1 (j)) and provisions (1 (t)).

In accordance with its accounting policy, the Company states its investments in subsidiaries at cost less provision for impairment. However, the net asset value of its subsidiaries is £12.7m (2020: £38.7m).

The related undertakings of the Company are set out in Note 29 to the Group accounts.

Continued

6 Debtors

Prepayments 0.8 0.5 Lock of William debtors are amounts due within one year of £0.9m (2020: £0.7m). 7 Creditors: amounts falling due within one year Trade creditors 0.2 0.8 Amounts owed to subsidiary undertakings 5.4 14.2 Accruals 0.5 0.3 8 Lease liabilities 2021		2021 £m	2020 £m
No. No.	Other debtors	0.1	0.2
Included within debtors are amounts due within one year of £0.9m (2020: £0.7m).	Prepayments	0.8	0.5
Teach creditors: amounts falling due within one year 2021 Em 2020 Em 2021 Em 2020 Em		0.9	0.7
Trade creditors 0.2 0.8 Amounts owed to subsidiary undertakings 5.4 14.2 Accruals 0.5 0.3 8 Lease liabilities 2021 fm 2020 fm Maturity analysis – contractual undiscounted cash flows Less than one year 1.7 1.7 One to five years 6.3 6.7 More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January 1.4 1.4 Non-current 1.4 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation 2.0 8.0 9.7 Interest (0.8) (1.1) 7.2 8.6 Amounts charged/(credited) in the Income Statement laterest on lease liabilities at 31 January 7.2 8.6 Amounts recognised in the statement of cash flows 0.3 0.4	Included within debtors are amounts due within one year of £0.9m (2020: £0.7m).		
Trade creditors 2m 2m Amounts owed to subsidiary undertakings 5.4 14.2 Accruals 0.5 0.3 8 Lease liabilities 2021 2m 2020 2m Maturity analysis – contractual undiscounted cash flows 1.7 1.7 Less than one year 1.7 1.7 One to five years 6.3 6.7 More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January 1.4 1.4 Non-current 1.4 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement laterest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	7 Creditors: amounts falling due within one year		
Trade creditors 0.2 0.8 Amounts owed to subsidiary undertakings 5.4 14.2 Accruals 0.5 0.3 8 Lease liabilities 6.1 15.3 Maturity analysis – contractual undiscounted cash flows Less than one year 1.7 1.7 One to five years 6.3 6.7 More than five years 6.3 6.7 More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation 8.0 9.7 Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement laterest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows			2020 Sm
Amounts owed to subsidiary undertakings 5.4 14.2 Accruals 0.5 0.3 8 Lease liabilities 2021 2020 2020 2020 2020 2020 2020 2020	Trade avaditors		
Accruals 0.5 0.3 8 Lease liabilities 2021 £m 2020 £m Maturity analysis – contractual undiscounted cash flows 2021 £m 2020 £m Less than one year 1.7 1.7 One to five years 6.3 6.7 More than five years 6.3 6.7 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January 1.4 1.4 Non-current 1.4 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows			
6.1 15.3 8 Lease liabilities Maturity analysis – contractual undiscounted cash flows Less than one year 1.7 1.7 1.7 One to five years 6.3 6.7 More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January 1.4 1.4 Non-current 1.4 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation 8.0 9.7 Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows			0.3
Maturity analysis – contractual undiscounted cash flows 1.7 1.3 6.7 1.3 1.3 9.7 1.3 9.7 1.3 1.4 1.5 1.2 8.0 2.2 8.0 9.2 1.5 1.2 8.0 9.7 1.5 1.5 1.2 <		6.1	15.3
Maturity analysis – contractual undiscounted cash flows Em £m Less than one year 1.7 1.7 One to five years 6.3 6.7 More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January 1.4 1.4 Current 1.4 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	8 Lease liabilities		
Maturity analysis – contractual undiscounted cash flows Em £m Less than one year 1.7 1.7 One to five years 6.3 6.7 More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January 1.4 1.4 Current 1.4 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows		2021	2020
Less than one year 1.7 1.7 One to five years 6.3 6.7 More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January 1.4 1.4 Current 1.4 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation 8.0 9.7 Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement 1.4 8.0 9.7 Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows 0.3 0.4			£m
One to five years 6.3 6.7 More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January Current 1.4 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement 1.4 8.0 9.7 Amounts recognised in the statement of cash flows 0.3 0.4	Maturity analysis – contractual undiscounted cash flows		
More than five years - 1.3 Total undiscounted lease liabilities at 31 January 8.0 9.7 Lease liabilities included in the statement of financial position at 31 January Current 1.4 1.4 Non-current 5.8 7.2 Lease liabilities reconciliation Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement 1.3 0.4 Amounts recognised in the statement of cash flows 0.3 0.4	Less than one year	1.7	1.7
Total undiscounted lease liabilities at 31 January Lease liabilities included in the statement of financial position at 31 January Current 1.4 Non-current 5.8 7.2 8.6 Lease liabilities reconciliation Lease liabilities (undiscounted) Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	One to five years	6.3	6.7
Lease liabilities included in the statement of financial position at 31 January Current 1.4 1.4 Non-current 5.8 7.2 7.2 8.6 Lease liabilities reconciliation Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	More than five years	-	1.3
Current 1.4 1.4 Non-current 5.8 7.2 Lease liabilities reconciliation Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	Total undiscounted lease liabilities at 31 January	8.0	9.7
Non-current 5.8 7.2 Lease liabilities reconciliation Lease liabilities (undiscounted) Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement 1.1 1.1 Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	Lease liabilities included in the statement of financial position at 31 January		
Lease liabilities reconciliation Lease liabilities (undiscounted) Interest Total discounted lease liabilities at 31 January Amounts charged/(credited) in the Income Statement Interest on lease liabilities Amounts recognised in the statement of cash flows	Current	1.4	1.4
Lease liabilities reconciliation Lease liabilities (undiscounted) 8.0 9.7 Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	Non-current	5.8	7.2
Lease liabilities (undiscounted) Interest (0.8) Total discounted lease liabilities at 31 January 7.2 Amounts charged/(credited) in the Income Statement Interest on lease liabilities Amounts recognised in the statement of cash flows		7.2	8.6
Interest (0.8) (1.1) Total discounted lease liabilities at 31 January 7.2 8.6 Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	Lease liabilities reconciliation		
Total discounted lease liabilities at 31 January Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 Amounts recognised in the statement of cash flows	Lease liabilities (undiscounted)	8.0	9.7
Amounts charged/(credited) in the Income Statement Interest on lease liabilities 0.3 Amounts recognised in the statement of cash flows	Interest	(0.8)	(1.1)
Interest on lease liabilities 0.3 0.4 Amounts recognised in the statement of cash flows	Total discounted lease liabilities at 31 January	7.2	8.6
Amounts recognised in the statement of cash flows	Amounts charged/(credited) in the Income Statement		
	Interest on lease liabilities	0.3	0.4
Total cash outflow for leases 0.6 1.7			
	Total cash outflow for leases	0.6	1.7

£0.3m (2020: £0.4m) interest on lease liabilities was borne by the Company and was recharged to other Group Companies.

Continued

Lease liabilities continued

	2021	2020
Lease liabilities	£m	£m
Balance at 1 February	8.6	9.9
Lease payments	(0.6)	(1.7)
Rent concessions	(0.4)	_
Rent payment deferrals	(0.7)	_
Interest	0.3	0.4
Balance at 31 January	7.2	8.6
9 Deferred tax		
Deferred tax asset	2021 £m	2020 £m
Deferred capital allowances and short-term temporary timing differences	_	0.5

Any movement during the year has been processed entirely through the profit and loss account.

10 Reserves

	Share premium	Profit and
2021	account £m	loss account £m
At 1 February 2020	9.8	1.2
Loss for the financial year		(20.4)
Dividends received during the year from subsidiaries		10.0
At 31 January 2021	9.8	(9.2)

The loss for the year before taxation, intercompany dividends and provisions for impairment was £(0.3)m (2020: £(5.8)m). The loss before taxation dealt within the accounts was £(19.9)m (2020: £(12.7)m).

Share capital and share option information is set out in Note 24 in the Group accounts.

At 31 January 2020	9.8	1.2
Loss for the financial year		(12.5)
Impact of change in accounting policy of IFRS 16		(2.7)
At 1 February 2019	9.8	16.4
2020	premium account £m	Profit and loss account £m
	Share	

11 Contingent liabilities

The Company raises finance for and guarantees the bank borrowings of certain subsidiary undertakings which, at 31 January 2021, amounted to £1.8m (2020: £Nil).

12 Related party disclosures

The Company provided services of £0.1m (2020: £0.1m) to YMC Limited (75% subsidiary) during the year. The closing liability due from the subsidiary is £0.7m (2020: £0.6m).

Details of Director related party transactions are disclosed in Note 29 to the Group accounts.

FIVE YEAR RECORD

Years ended 31 January	2017 £	2018 £	2019 £	2020 £	2021 £
Revenue	153.2m	135.0m	135.3m	119.9m	71.5m
(Loss)/profit before taxation	(5.3)m	(2.3)m	0.0m	(7.8)m	(19.7)m
Basic (losses)/earnings per share	(5.8)p	(2.7)p	0.1p	(8.2)p	(20.4)p
Adjusted (loss)/profit before taxation	(3.7)m	(0.6)m	0.8m*	(2.9)m	(11.7)m
Adjusted (losses)/earnings per share	(4.2)p	(0.9)p	0.8p*	(3.1)p	(12.1)p
Dividends per share	_	_	_	_	_
Net assets	50.0m	46.7m	46.2m	29.1m	9.5m
Operated retail trading space 000 sq ft	212	193	177	131	108

 $[\]ensuremath{^{\star}}$ restated reflecting the re-presentation of discontinued operations in the year

ADVISERS

PRINCIPAL BANKERS STOCKBROKERS WH Ireland, Barclays Bank Plc, First Floor, Centro 1, 24 Martin Lane, London Corporate Banking, 39 Plender Street, London EC4R 0DR 1 Churchill Place, London NW1 0DT London E14 5HP SECRETARY AND REGISTERED OFFICE AUDITORS REGISTRARS AND TRANSFER OFFICE Lee Williams, Mazars LLP, Link Group, First Floor, Tower Bridge House, The Registry, Centro 1, St Katharine's Way, 10th Floor, Central Square, 39 Plender Street, London, E1W 1DD. 29 Wellington Street, London NW1 0DT Leeds LS1 4DL. REGISTERED NUMBER 1410568, England

FINANCIAL CALENDAR

2021

2021	
15 July	Annual General Meeting
12 October (provisional)	Half-Year Statement
2022	
31 January	Financial Year End
12 April (provisional)	Preliminary Announcement of Results

NOTICE OF MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser. If you sell or transfer, or have sold or transferred, all of your shares in French Connection Group plc, please send this document and the accompanying form of proxy as soon as possible to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

FRENCH CONNECTION GROUP PLC

(Incorporated in England and Wales with registered number 01410568)

NOTICE OF ANNUAL GENERAL MEETING 2021

11.00 am on Thursday 15 July 2021

Your attention is drawn to the letter from the Chairman of French Connection Group plc (the "Company") which sets out how the meeting will be conducted in light of the current COVID-19 pandemic and also recommends voting in favour of the resolutions to be proposed at the 2021 Annual General Meeting referred to below.

Notice of the Annual General Meeting of the Company to be held at 11.00 am on Thursday 15 July 2021 is set out below.

1 June 2021

French Connection Group plc 1st Floor Centro 1 39 Plender Street London NW1 0DT

Dear Shareholder,

Annual General Meeting (the "AGM")

This year's AGM will be held at 11.00 am on Thursday 15 July 2021. Set out in this document is an explanation of the business to be considered at this year's AGM, the Notice of Meeting (the "Notice") and explanatory notes.

As a consequence of the COVID-19 pandemic, we are making changes to the way in which we conduct this year's AGM. French Connection understands and respects the importance of the AGM to shareholders and the Board greatly values the opportunity to meet shareholders in person. However, the health and safety of our shareholders, employees and the broader community is of paramount importance.

In light of the UK Government's current restrictions on public gatherings and the uncertainty as to whether such restrictions will be lifted by the time of the AGM, and taking into consideration the recommendations endorsed by the Department for Business, Energy & Industrial Strategy, the Financial Reporting Council and major investor groups, the Board strongly recommends that shareholders do not attend the AGM in person this year.

The AGM will be kept as concise and efficient as possible with the minimum necessary quorum of two shareholders in order to conduct the business of the meeting being achieved through the attendance of directors or other employees who hold shares in French Connection. The format of the meeting will be purely functional to comply with relevant legal requirements.

Instead of attending this year's AGM, shareholders are asked to exercise their votes by submitting their proxy electronically or by post as soon as possible, and these must be received by no later than 11.00 am on Monday 13 July 2021. Shareholders who wish to appoint a proxy are recommended to appoint the Chair of the meeting as their proxy. If a shareholder appoints someone else as their proxy, depending on the UK Government's restrictions on public gatherings at the time of the AGM, it is possible that any such proxy may not be able to attend the meeting in order to cast the shareholder's vote.

Your votes do matter. Proxy instructions (which include the ability to lodge proxies electronically) are set out below. Shareholders are also invited to submit questions in advance of the meeting via email at investorrelations@frenchconnection.com by no later than 11.00 am on Monday 13 July 2021. We will endeavour to answer questions received in advance, by publishing responses on thematic topics on our website either prior to, or shortly after, the AGM.

We will continue to monitor the evolving impact of the pandemic and, if it becomes appropriate or necessary to make changes to the proposed format of the 2021 AGM, we will inform shareholders as soon as we can. Any changes to AGM arrangements will be published on the company's website and announced through a Regulatory Information Service, shareholders should continue to monitor these for any announcements or update.

We would like to thank all shareholders for their co-operation and understanding.

Voting

There are two ways you can vote on the resolutions proposed at the AGM:

 To vote your shares you should log into www.signalshares.com. You will need to register using your investor code which can be located on your share certificate. CREST holders may vote their shares using the CREST system; or
 Appoint a proxy to participate and vote on your behalf, using the form of proxy accompanying the Notice or (for shares held through CREST) via the CREST proxy voting system.

The accompanying form of proxy invites you to vote in one of three ways for each resolution: for, against or vote withheld. As noted above, the Board strongly recommends that shareholders appoint the Chair of the meeting as their proxy. This will ensure that your votes are cast in accordance with your wishes and avoids the need for another person to attend the AGM in your place and, depending on the UK Government's restrictions at that time, if you do appoint anyone else as your proxy, that person may not be able to attend the AGM to cast your votes. At the AGM itself, the votes will be taken by poll rather than on a show of hands. This approach is consistent with emerging best practice and has been chosen as shareholders are strongly recommended not to attend the meeting at which a show of hands could be taken. The results will be published on our website (www.frenchconnection.com.co.uk) following the AGM and will be released to the London Stock Exchange. Further details are available in the Notes section of this Notice.

Continued

Types of resolutions

Resolutions 1 to 10 are proposed as ordinary resolutions and resolutions 11 to 12 are proposed as special resolutions. For each ordinary resolution to be passed, more than half of the votes cast must be in favour of the resolution and for each special resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Explanatory notes to the Annual General Meeting Notice (continued)

Resolution 1 – Approval of the annual report and accounts
The Board asks that shareholders receive the Directors' and auditor's reports
and the accounts for the financial year ended 31 January 2021 (the "2020/21
Annual Report").

Resolution 2– Approval of the Directors' Remuneration Report
Resolution 2 is the ordinary resolution to approve the Directors' Remuneration
Report. The vote of this resolution is advisory and no Director's remuneration
is conditional upon the passing of this resolution.

Resolutions 3 to 7 – Election and re-election of Directors

The Directors believe that the Board continues to maintain an appropriate balance of knowledge and skills and that all the non-executive directors are independent in character and judgement. In accordance with the UK Corporate Governance Code 2018, all directors will stand for election or re-election, as the case may be, at the AGM this year. Summary biographical details for each of the directors can be found in the section entitled 'Board of Directors' within the 2020/21 Annual Report.

Resolutions 8 and 9 – Appointment and remuneration of auditors
The Company is required to appoint an auditor at each general meeting at
which accounts are laid before the Company, to hold office until the next such
meeting. The Audit Committee has recommended, and the Board has
approved, the resolution to re-appoint Mazars LLP as auditor of the Company.

Resolution 10 - Authority to allot shares

Under section 551 of the Companies Act 2006, Directors require shareholders' authority for the allotment of shares. Shareholders last granted such general authority to the Directors at the annual general meeting of the Company held in 2020. Such authority will expire at the end of this AGM and Resolution 10 seeks to renew it (although the Directors have no current plans to utilise the authority, except in relation to the issue of new shares pursuant to the Company's share incentive schemes). Accordingly, Resolution 10 would renew this authority until the conclusion of the next AGM or , if earlier, the close of business on 20 October 2022 by authorising the Directors to allot shares up to an aggregate nominal amount equal to £322,043 (representing 32,204,300 ordinary shares). This amounts represents approximately one third of the current issued share capital of the Company as at 31 May 2021 (the latest practicable date prior to publication of this Notice of AGM). As at 31 May 2021 (the latest practicable date prior to publication of this Notice of AGM), the Company holds no ordinary shares in treasury.

Resolution 11 - Disapplication of statutory pre-emption rights This resolution seeks to disapply the pre-emption rights provisions of section 561 of the Companies Act 2006, which requires Directors wishing to allot shares to offer them in the first instance to existing ordinary shareholders in proportion to their ordinary shareholding. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer to existing ordinary shareholders. Shareholders last granted authority to Directors to dis-apply pre-emptive rights at the AGM held in 2020. Such authority will expire at the end of this AGM and Resolution 11 seeks to renew it. Except in relation to rights issues or any other pre-emptive offer concerning equity securities in accordance with resolution 10, the authority contained in this resolution will be limited to the issue of shares for cash up to a nominal value of £48,306 (representing 4,830,600 ordinary shares) equivalent to approximately 5% of the total issued ordinary share capital of the Company as at 1 June 2021, without the shares first being offered to shareholders in proportion to their existing holdings. If renewed, this authority would expire on the earlier of the conclusion of the next AGM or the close of business on 20 October 2022. The Directors have no present intention of issuing any shares pursuant to this disapplication. The Directors will continue to seek to renew this authority at each AGM, in accordance with current best practice.

Resolution 12 - Notice of general meetings

Under the Companies Act 2006 all general meetings must be held on 21 days' notice unless shareholders approve a shorter period, which cannot be less than 14 clear days (AGMs will continue to be held on at least 21 clear days' notice). The Directors believe it is in the best interests of the shareholders of the Company to enable general meetings to be called on 14 clear days' notice. It is intended that this flexibility will only be used for non-routine business and, where merited, in the interests of shareholders as a whole. The approval will be effective until the conclusion of the Company's next AGM (or if earlier, the close of business on 20 October 2022), when it is expected that a similar resolution will be proposed.

We would like to thank Robin Piggott who stepped down from the board during the past year for his significant contribution to the Company. Following Robin's departure we are delighted to welcome Neil Page to the board, who has taken on the role of Chairman of the Audit Committee and as a member of the Remuneration Committee.

Finally, we would like to thank all of our customers for their continued support and understanding, and our colleagues for their commitment during these challenging and extraordinary times.

Recommendation

Your Board considers that the resolutions proposed are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of all resolutions, as they intend to do in respect of their own shareholdings.

Stephen Marks Chairman

NOTICE OF 2021 ANNUAL GENERAL MEETING

French Connection Group plc

Notice is hereby given that the Annual General Meeting ("AGM") of French Connection Group plc (the "Company") will be held at 11.00 am on Thursday 15 July 2021 to transact the following business:

To propose and, if thought fit, to pass resolutions 1 to 10 (inclusive) as ordinary resolutions and resolutions 11 to 12 (inclusive) as special resolutions, as set out below.

Ordinary Resolutions:

Resolution 1. To receive and adopt the audited accounts and the reports of the Directors and of the auditors for the financial year ended 31 January 2021

Resolution 2. To approve the Directors' Remuneration Report (excluding the Director's Remuneration Policy) for the financial year ended 31 January 2021.

Resolution 3. To re-elect Sarah Curran as a Director of the Company.

Resolution 4. To re-elect Stephen Marks as a Director of the Company.

Resolution 5. To re-elect Lee Williams as a Director of the Company.

Resolution 6. To re-elect Neil Williams as a Director of the Company.

Resolution 7. To elect Neil Page as a Director of the Company.

Resolution 8. THAT Mazars LLP be re-appointed as auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next general meeting at which accounts are laid before the Company.

Resolution 9 THAT the Audit Committee be authorised to determine the auditors' remuneration for and on behalf of the board of Directors.

Resolution 10. THAT, in substitution for all existing powers, the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares of the Company (such shares and rights to subscribe for shares or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £322,043 being one third of the issued share capital PROVIDED THAT unless previously revoked, varied or extended, this authority shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2022 or the close of business on 20 October 2022 SAVE THAT the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions:

Resolution 11. THAT in substitution for all existing powers and if resolution 10 is passed, the Directors be and they are hereby generally empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority under Section 551 of the Act conferred by resolution 10 above and/ or by way of a sale of treasury shares for cash (by virtue of Section 573 of the Act) in each case as if Section 561(1) of the said Act did not apply to any such allotment provided that:

- (a) the power conferred by this resolution shall be limited to:
 - the allotment of equity securities and/or sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities:
 - (A) in favour of holders of ordinary shares in the capital of the Company, where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as practicable) to the respective number of ordinary shares in the capital of the Company held by them; and

Continued

- (B) to the holders of any other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- (ii) the allotment (in each case otherwise than under sub-paragraph (i) above) of equity securities pursuant to the authority granted by resolution 10 above and/or the sale of treasury shares up to an aggregate nominal value equal to £48,306 (representing 5% of the issued share capital for the time being); and
- (b) unless previously revoked, varied or extended, this power shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2022 or the close of business on 20 October 2022 SAVE THAT the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry in pursuance of such an offer or agreement and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Resolution 12. THAT a general meeting other than an AGM may be called on not less than 14 clear days' notice, provided that this authority shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2022 or the close of business on 20 October 2022.

Lee Williams

Chief Financial Officer & Company Secretary

1 June 2021

Registered Office: 1st Floor Centro 1, 39 Plender Street, London NW1 0DT Registered in England and Wales No. 01410568.

Notes:

- 1. A member entitled to vote at the meeting may appoint one or more proxies to exercise all or any of the member's rights to vote at the meeting. As set out in the Chairman's introduction, in light of the current situation regarding the COVID-19 pandemic, we strongly encourage members to appoint a proxy in accordance with the instructions set out below in order to vote in advance of the meeting. A proxy need not be a member of the Company, however the Board recommends that members appoint the Chair of the meeting as your proxy. This will ensure that your votes are cast in accordance with your wishes and avoids the need for another person to attend the AGM in your place and, depending on the UK Government's restrictions at that time, if members do appoint anyone else as their proxy, that person may not be able to attend the AGM to cast such member's votes. If a member appoints more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy they may do so at www.signalshares.com.
- 2. To be effective, the proxy vote must be submitted at www. signalshares.com so as to have been received by the Company's registrars, not less than 48 hours (excluding weekends and public holidays) before the time appointed for the meeting or any adjournment of it. By registering on the portal at www.signalshares.com, you can manage your shareholding, including:
 - cast your vote
 - change your dividend payment instruction
 - update your address
 - select your communication preference.

If you need help with voting online, or require a paper proxy form, please contact our Registrar, Link Group by email at enquiries@ linkgroup.co.uk, or you may call Link on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales.

3. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message must be transmitted so as to be received by Link (ID RA10) not later than 48 hours before the time fixed for the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 4. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same shares. It should however be noted that, depending on the UK Government's restrictions at the time of the AGM, it may not be possible for corporate representatives to attend the AGM.
- 5. Any person to whom this Notice is sent who is a person nominated under Section 146 of the CA 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- The statement of the rights of shareholders in relation to the appointment of proxies in Note 1 does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the Company.
- As at 31 May 2021, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 96,612,934 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 31 May 2021 are 96,612,934.
- 8. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members on 13 July 2021 or, if the meeting is adjourned, shareholders entered on the Company's register of members on the day two days before the date of any adjournment shall be entitled to vote at the AGM.
- 9. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This approach is consistent with emerging best practice and has been chosen as members are strongly recommended not to attend the meeting at which a show of hands could be taken. As soon as practicable following the AGM, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website: www.frenchconnection.com
- 10. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the member(s) requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be

Continued

dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

- 11. Any member and their proxy has the right to ask questions in advance of the meeting. Members are requested to submit any questions via email at investorrelations@frenchconnection.com by no later than 11.00 am on Monday 13 July 2021. The Company will endeavour to answer questions received in advance, by publishing responses on thematic topics on our website either prior to, or shortly after, the meeting. The Company must cause to be answered any question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 12. A copy of this Notice, and other information required by s311A of the Companies Act 2006, can be found at www.frenchconnection.com.
- 13. Any website or electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided either in this Notice or in any related documents (including the Chairman's letter and the form of proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.
- 14. Copies of the executive director's service contracts and the non-executive directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this Notice until the close of the AGM by appointment, to the extent permitted in accordance with applicable UK Government restrictions and guidelines.