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24 July 2020

**French Connection Group plc**  
**("French Connection" or the "Company")**

**Trading Update and Funding**

French Connection provides an update on its recent trading and financial position.

**Trading Update**

Since the start of the lock down period, the Company has been focused on managing both the immediate and long term impact of COVID-19 on the business. The priority throughout this period has been the safety and wellbeing of our colleagues, customers and all of our business partners.

Following Government guidelines, our stores and concessions were closed from 23 March until we were allowed to reopen them again on 15 June. As expected, given significantly reduced footfall, initial sales since reopening have been low, although conversion of those customers actually in the stores has been better than in the prior year. We are seeing sales volumes grow week on week, as further relaxation of the lockdown continues, however we anticipate this to be a gradual process especially in larger cities. Whilst ensuring strict compliance with physical distancing and hygiene guidelines by our staff, we have continued to operate our own websites in both the UK and USA, with sales up 24% over the last 15 weeks. In addition, we have continued to supply a number of the predominantly online wholesale customers during this period. Since the general reopening of stores we have seen a significant upturn in interactions with the majority of our other wholesale customers in the UK and Europe, who have now started to trade again. Over the lockdown period the collection of receivables from our supportive wholesale customers has been better than expected.

**Funding**

The Company has taken a considerable number of actions, given the significant reduction in sales, to reduce costs and conserve cash throughout the ongoing pandemic disruption. These actions continue with the cooperation of many of the Company's key stakeholders including stock suppliers, non-stock suppliers, landlords and employees and we remain very appreciative of their ongoing support. The Company has worked particularly closely with its stock suppliers, many of whom we have had significant long term relationships with, to actively manage its Autumn/Winter 2020 inventory commitments to reflect its current expectations of trading during the season.

The Board expects that, in line with the normal seasonal trends, its current net cash position will reduce over the coming months due to working capital funding requirements but in addition the payment of amounts due to HMRC, our landlords and other suppliers that were deferred as part of the Company's COVID-19 mitigation actions. As previously disclosed the Company has been unable to participate in any of the government backed financing schemes due to their qualifying requirements. Instead the Company has put in place a £15 million working capital facility with Hilco Capital for the next 2 years, which it expects will be sufficient to cover the Company's cash requirements, based on its current conservative expectations of future trade.

**Outlook**

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 its different business channels and territories. Although the stores have reopened, with appropriate increased hygiene and social distancing measures in place to keep colleagues and customers safe, it is too early to predict 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.

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 navigate an extended period of uncertain consumer demand, however due to the ongoing uncertainty it does not feel it is appropriate to provide profit guidance at this point.

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