

QUIZ

QUIZ plc
("QUIZ" or the "Group")

Interim Results **for the six months ended 30 September 2023**

Inflationary pressures impact consumer demand and revenue across channels; gross margin maintained; firm focus on returning to profitability and maintaining cash position

Review of strategic options led by Non-Executive Chairman Peter Cowgill to evaluate options to maximise shareholder value

QUIZ, the omni-channel fashion brand, announces its unaudited interim results for the six months ended 30 September 2023 ("HI 2024" or the "Period").

Highlights:

	Six months to 30 September 2023 (unaudited)	Six months to 30 September 2022 (unaudited)
Group revenue	£42.3m	£49.4m
EBITDA	£1.1m	£3.7m
(Loss)/profit before tax	-£1.5m	£1.8m
(Loss)/earnings per share	-0.96p	1.19p
Operating cash flows	£2.1m	£6.5m
Cash net of borrowings	£3.6m	£9.2m

- Group revenues decreased 14% to £42.3m (HI 2023: £49.4m) reflecting challenging prior year comparatives as well as inflationary pressures impacting consumer demand
 - UK store and concession revenues decreased 11% to £22.0m (HI 2023: £24.6m)
 - Online revenues decreased 22% to £12.6m (HI 2023: £16.1m)
 - International revenues¹ decreased 11% to £7.7m (HI 2023: £8.7m)
- Gross margin maintained at 61.8% (HI 2023: 61.6%), reflecting continued focus on full-price sell-through
- Opened three stores, relocated two and closed two in the Period, taking the total store estate to 64 stores in the UK and five in the Republic of Ireland at the end of the Period
- Marketing spend as a proportion of Group sales remained broadly in line with the prior year at 3.3% (HI 2023: 3.1%)
- Operating costs, being administrative and distribution costs, excluding depreciation and amortisation charges decreased by 7%

- EBITDA decreased to £1.1 million (H1 2023: £3.7 million)
- Operating cash flows of £2.1 million (H1 2023: £6.5 million)
- Capital expenditure of £3.4 million (H1 2023: £0.7 million), which funded the expansion of distribution centre capacity and new store openings / relocations
- Total liquidity headroom at 30 September 2023 of £7.6 million with included cash net of borrowings of £3.6 million (31 March 2023: £8.3 million which includes cash net of borrowings of £6.2 million)

Outlook and current trading:

- The widely reported cost of living and inflationary pressures have impacted customer demand during the financial year. As a result, the near-term outlook is difficult to predict for many UK retailers including QUIZ.
- Sales for the two months to 30 November 2023, including the Black Friday sales period, totalled £14.1 million (2023: £16.0 million), behind management expectations.
- Notwithstanding that the remainder of QUIZ's important Christmas trading and January sales periods are still to come, given the shortfall in demand experienced in recent months and the potential for macro pressures continuing to impact consumer demand, the Board anticipates that full year revenues will be approximately 6-8% lower than current market expectations².
- Total liquidity headroom at 4 December 2023 was £4.9 million which includes cash net of borrowings of £0.9 million.

Review of Strategic Options:

- The Board remains confident that QUIZ's brand is differentiated, and the Group's omni-channel business model remains relevant. However, given the Group's recent trading performance, the Board has decided to immediately initiate a thorough review of the strategic options available to the Group to maximise shareholder value. This process is being led by the Company's independent Chairman, Peter Cowgill, supported by the Company's retained advisor, Panmure Gordon.
- The findings from this review are expected to be announced in Q1 2024

Tarak Ramzan, Founder and Chief Executive Officer, commented:

“This has been a challenging period for many retailers, and we have not been immune to the widely publicised macro headwinds impacting consumer demand. Notwithstanding the ongoing pressure on consumers, we have continued to focus on taking the right decisions for our long-term future, including prioritising protecting full-price sales and carefully managing our store portfolio.

I remain confident that QUIZ remains a strong, distinctive brand known for providing glamorous looks at good value prices. However, given the prolonged period of challenging trading we believe it is prudent to examine a range of options to maximise shareholder value.”

1. International sales comprise revenues from QUIZ standalone stores and concessions in the Republic of Ireland and franchises in 20 countries.
2. Current market expectations is for the Group to generate £86.4 million of revenues in the year ended 31 March 2024.
3. Financial information in the front of this report has been rounded to the nearest decimal place. Totals in the tables may not equal the arithmetic sum of presented numbers. Percentages are calculated on non-rounded numbers and may not conform to the percentage derived from the rounded components.

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Notes:

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

About QUIZ

QUIZ is an omni-channel fashion brand, specialising in occasion wear and dressy casual wear. QUIZ delivers a distinct proposition that empowers fashion forward customers to stand out from the crowd.

QUIZ's buying and design teams constantly develop its own product lines, ensuring the latest glamorous looks at value prices. This flexible supply chain, together with the winning formula of style, quality, value and speed-to-market has enabled QUIZ to grow into an international brand with stores, concessions, franchise stores, wholesale partners and international online partners.

QUIZ operates through an omni-channel business model, which encompasses online sales, standalone stores, concessions, international franchises and wholesale arrangements.

To download images please visit: <http://www.quizgroup.co.uk/media-download-centre/>

For further information:

<https://www.quizclothing.co.uk/>

<http://www.quizgroup.co.uk/>

CHIEF EXECUTIVE'S REPORT

The Group's performance in the six months to 30 September 2023 (the "Period") was impacted by the challenging prior year comparatives and the negative impact of inflationary pressures on consumer confidence and demand for QUIZ's products. Revenue decreased by 14% to £42.3 million (HI 2023: £49.4 million).

The Group maintained key metrics such as conversion rates and average transaction value but the drop in traffic, both in-store and online, led to the decline in revenues. This supports the Board's confidence that QUIZ's differentiated occasion wear and dressy casual wear continues to resonate with consumers who are able to spend.

Customer demand remained consistent for new full price product rather than discounted options. This is reflected in a consistent gross margin generated compared to the same period in the previous year.

We continued to carefully appraise new store opportunities where the rental arrangements are viable. During the Period we opened three new stores in the United Kingdom and closed one in the United Kingdom and one in the Republic of Ireland. In addition, two of our flagship stores in Lakeside and Braehead, Glasgow were relocated during the Period. The Board continues to believe in the longer-term strategic benefits of its omni-channel model to provide customers with the opportunities to interact directly with the brand including purchasing in-store, utilising in-store click and collect, ordering in-store, or exchanging/returning to store.

Further to the decline in revenues the Group incurred a loss before tax of £1.5 million (HI 2023: profit of £1.8 million). In addition to targeting higher revenues the Group is looking to return to profitability through reviewing and reducing costs where possible.

Net cash at the Period end was £3.6 million. The Board is focussed on maintaining its cash balances and is taking steps to maximise the available headroom. These include the cost saving measures noted above, the suspension of significant capital expenditure, and the continued careful management of inventories.

RESULTS OVERVIEW

Group revenue decreased 14% to £42.3 million in the Period (HI 2023: £49.4 million):

	Six months to 30 September 2023	Six months to 30 September 2022	Year-on- year change	Share of revenue HI 2023	Share of revenue HI 2022
UK stores and concessions	£22.0m	£24.6m	-10.6%	52.0%	49.8%
Online	£12.6m	£16.1m	-21.7%	29.8%	32.6%
International	£7.7m	£8.7m	-11.5%	18.2%	17.6%
Total	£42.3m	£49.4m	-14.4%		

Operating losses of £1.3 million were incurred (HI 2023: profit of £1.9 million). EBITDA was £1.1 million (HI 2023: £3.7 million) representing an EBITDA margin of 2.7% (HI 2023: 7.5%).

Loss before tax was £1.5 million (HI 2023: profit of £1.8 million). Loss per share was 0.96 pence (HI 2023: earnings per share of 1.19 pence).

Cash net of bank borrowings at the period end was £3.6 million (HI 2023: £9.2 million) which represents a £2.6 million reduction since 31 March 2023. Net cash generated from operations was £2.1 million (HI 2023: £6.5 million).

Capital expenditure in HI 2024 increased to £3.3 million (HI 2023: £0.7 million) further to £1.3 million of spend at our distribution centre and £1.2 million of spend on new and relocated stores.

OPERATIONAL REVIEW

Central to our strategy is the QUIZ brand, which is a distinctive fashion brand that empowers fashion-forward females to stand out from the crowd. This is complemented by our omni-channel distribution model and focus on operational improvement to ensure the business is positioned to succeed.

Optimising the omni-channel model

QUIZ continues to believe in the long-term benefits of operating an omni-channel model that provides customers the opportunity to engage with and shop the brand across different channels.

Online revenues in the Period were impacted by challenging prior year comparatives and a decline in consumer demand as outlined above. Given these factors online revenues reduced by 22% to £12.6 million in the Period (HI 2023: £16.1 million).

Harnessing the long-term potential of our online channel remains a key objective for the Group. Sales through the QUIZ website declined to £8.6 million (HI 2023: £11.3 million) accounting for 68% of total online sales (HI 2023: 70%) and. This primarily reflects a decline in traffic to the site as other key metrics such as the conversion of browsers to customers and the Average Transaction Value generated were consistent with the previous year.

Online sales through selected third-party websites continue to provide the QUIZ brand with important exposure to customers with the revenues totalling £4.0 million (HI 2023: £4.8 million). The decline against the prior year reflects changes in the third party partners where our product is sold.

Revenues generated through our UK stores and concessions declined 11% to £22.0 million (HI 2023: £24.6 million) reflecting the challenging prior year comparatives and a decline in in-store traffic. Other key metrics including conversion rates and Average Transaction Values remained consistent with the previous year.

As at 30 September 2023, the Group operated 64 stores in the United Kingdom (HI 2023: 62 stores) with three stores opening during the Period in Southampton, Plymouth and Fareham and one in Ayr closing during the Period. In addition, two of our flagship stores at Lakeside and Braehead, Glasgow relocated in the Period.

We continued to benefit from the reduced rental charges across the store portfolio further to the restructuring undertaken in 2020. Immediately following this restructuring the average lease length across the store estate was 24 months. A number of key store leases were renegotiated during the Period to allow for a longer lease period and, as a result, the average lease length increased to 23 months (HI 2023: 18 months).

Since the Period end the Group has opened a new store in Liverpool and commenced the relocation of its store in Grimsby. The relocation of our Trafford Park store will be undertaken later in the financial year. Going forward, store openings will be dependent upon securing suitable lease arrangements with rental charges linked to revenues generated and flexible arrangements with regards to termination.

As at 30 September 2023, the Group operated 60 concessions in the United Kingdom (HI 2023: 62 concessions). During the Period, eleven concessions were closed and four opened.

Concessions continue to provide QUIZ with a flexible and low-cost route to market given the limited expenditure required to establish new outlets. The majority of the concessions operated are not staffed by QUIZ personnel and require limited capital outlay.

Selective international growth potential through capital light model

International revenues decreased 11% in the period to £7.7 million (HI 2023: £8.7 million) as demand was impacted by similar factors witnessed in the United Kingdom.

As at 30 September 2023, the Group operated five stores in the Republic of Ireland and 21 concessions which generated £2.7 million (HI 2023: £3.4 million). One store closed and two concessions opened in the Period.

Revenues from international franchise partners in the Period amounted to £5.1 million (HI 2023: £5.3 million). We continue to receive positive customer reactions to the QUIZ brand in our international franchise markets.

Our mix of casual and occasion wear can be tailored for each market and our flexible route to market has been beneficial. We continue to seek to identify opportunities to extend our sales through low-risk, low-cost international expansion driven by our capital-light online, consignment and concession routes to market.

Managing gross margin

The gross margin generated in the Period was consistent with the prior year. Inflationary pressures on product costs in the Period were successfully mitigated through selective price increases.

We continue to carefully manage stock levels and dispose of excess stock held. This has contributed to the £1.0 million reduction in stock levels since March 2023. Given the progress made in reducing inventory there has been no significant change to our provision for slow moving stock.

Leveraging our cost base

Given the reduction in revenues we recognise the importance of continuing to carefully manage costs. The £1.7 million reduction in operating costs, excluding depreciation charges, represented a 7% decline, in overall costs.

We continue to review our cost base to eliminate costs where possible and to ensure it is appropriate for the revenues that will be generated going forward.

Targeted marketing investment supporting a differentiated brand

QUIZ brand has a focused, differentiated position in the market with a specialisation in occasion wear and dressy casual wear for women, and the brand resonates with a broad age range of customers.

Our marketing activity utilises a pipeline of celebrity and influencer activity across the Period. The launch of our recent Party Wear Collection in collaboration with Olivia Bowen since the Period end has helped generate increased traffic ahead of the important Christmas party season. These activities continue to be supplemented with returns-driven digital marketing and offline investment to push the QUIZ brand to the forefront of our customers' minds.

The Group maintained its disciplined approach to marketing and, as a result, spend as a proportion of Group sales remained broadly in line with the prior year at 3.3% (H1 2023: 3.1%).

Further to the decline in traffic and revenues the number of online active customers in the year to 30 September 2023 reduced to 533,000, a drop of 11% on the numbers recorded at 31 March 2023.

During the Period, the brand has maintained its social media engagement relative to the prior year, with 2% and 1% increases in our Instagram and Facebook audiences respectively.

Flexible Supply Chain

The business has a well invested infrastructure and a proven successful supply chain which prioritises our commitment to source clothes in a responsible and ethical way. This supply chain enables the business to respond to customer demands and to provide on-trend products whether it be influenced by social media, the catwalk or television.

During the Period work to expand the capacity at our Distribution Centre at a cost of £1.3 million was completed. This work provides a new mezzanine level which increases storage space and allows for an improved layout to accommodate more efficient working practices.

The Group has an ongoing programme to ensure that all our products are supplied in line with our Ethical Code of Practice. We continue to visit our suppliers regularly and have processes in place to allow for clear visibility across our supply chain. We remain committed to ensuring our systems and processes are fit for purpose and assure compliance in this area.

CASH POSITION

The Group is focussed on maintaining an appropriate level of available liquidity and its net cash position. The cash balance net of borrowings was £3.6 million (31 March 2023: £6.2 million) at the Period end. Total liquidity headroom at the Period end amounted to £7.6 million, which includes £3.6 million of cash net of borrowings (31 March 2023: £8.3 million which includes £6.2 million of cash net of borrowings).

The Group retains £4.0 million of bank and credit facilities available to it from HSBC which expire in June 2024. There are no financial covenants applicable to these facilities.

As at 4 December 2023, the Group had total liquidity headroom of £4.9 million which includes a cash balance net of borrowings of £0.9 million.

OUTLOOK AND CURRENT TRADING

Customer demand in recent weeks, including through the Black Friday sales period, has continued to be weaker than the previous year. Cumulatively sales for the two months to 30 November 2023 were lower than both the prior year and management expectations. The revenues generated are summarised below:

	I October to 30 November 2023	I October to 30 November 2022	Year-on-year change
UK stores and concessions	£6.9m	£7.3m	-5.5%
Online	£5.2m	£6.5m	-20.0%
International	£2.1m	£2.2m	-4.5%
Total	£14.2m	£16.0m	-11.2%

Revenues across all channels were notably short of expectations in October. Whilst the shortfall in revenues moderated in November they remained behind expectations.

Sales in the Black Friday period in our UK stores were marginally below the previous year on a like-for-like basis. There was a sharper drop in online revenues through the QUIZ website which represents a disappointing shortfall across this important trading period.

Notwithstanding that the remainder of QUIZ's important Christmas trading and January sales periods are still to come, given the shortfall in demand experienced in recent months and the potential for pressures on consumer demand to continue impacting across the sector, the Board currently anticipates that full year revenues will be approximately 6-8% lower than current market expectations. As a Result, the Board anticipates reporting a loss before taxation for the year materially larger than previous expectations.

Longer term, the Board remains confident that underpinned by the strength and distinctiveness of the QUIZ brand and the relevance of the Group's omni-channel business model, QUIZ can deliver long-term, sustainable and profitable growth for all stakeholders.

REVIEW OF STRATEGIC OPTIONS

Given the Group's recent trading performance, the Board is initiating a thorough review of the strategic options available to the Group. This comprehensive process will begin immediately and will evaluate a broad range of options to maximise shareholder value. We expect to report findings from this review in Q1 2024.

The Review will be led by the Company's independent Chairman, Peter Cowgill, supported by the Company's retained advisor, Panmure Gordon.

FINANCIAL REVIEW

Gross margin

Whilst overall demand has been lower year-on-year there continued to be a consumer preference for new full price items. We continued to encounter increased cost pressures in relation to product compared to the previous year. We have successfully adjusted prices to maintain our gross margin whilst broadening the range of prices offered to customers, so they have a wide range of options suitable for their budgets. Due to these factors, the gross margin in the Period was consistent with the previous year at 61.8% (H1 2023: 61.6%).

Operating costs

Consistent with the decline in revenues generated there have been reductions in operating costs, namely administrative and distribution costs.

Compared to the previous year there has been a £1.7 million reduction in operating costs, excluding depreciation and amortisation costs. Total operating costs were reduced by £1.2 million to £27.4 million (HI 2023: £28.6 million).

Administrative costs of £22.0 million were consistent year on year (HI 2023: £22.0 million).

Consistent with many other retailers the business has been impacted by higher operational costs as inflationary pressures impact:

- Payroll costs in the Period increased further to uplifts in the National Living Wage and other associated changes from April 2023. This increased employee costs by circa £0.8 million per annum. Further to the recently announced changes to the National Living Wage a similar increase in costs will apply from April 2024.
- Utility contracts, which had been fixed for two years previously, took effect from August 2023 which has resulted in an increase of £0.6 million in costs per annum.

Property costs (including depreciation charges in relation to leases for standalone stores) decreased by 4% to £4.7 million (HI 2023: £4.9 million). The Group benefited from a reduction in business rates further to their re-evaluation in March 2023 and rental costs declining as the lower revenues generated were reflected in the revenue based rental charges across the store estate. These reductions were partially offset by the property costs associated with the new stores opened and from increased costs arising from revised rental arrangements in certain locations.

Marketing costs were consistent at £1.4 million (HI 2023: £1.4 million). The focus of the investment undertaken in the Period continued to be on digital marketing where a clear Return on Investment can be demonstrated. These activities are also complemented by marketing spend to drive broader awareness of the QUIZ brand.

Distribution costs declined 16% to £5.5 million (HI 2023: £6.6 million) reflecting the impact of lower revenues generated in the period. The majority of this decline related to commission payments which were lower given the decline in sales made through third party websites, international franchises and concessions. Also reflected in the drop in distribution costs are lower carriage costs to stores, concessions and franchises further to the reduced activity in the Period.

Finance costs

The finance costs of £0.3 million (HI 2023: £0.1 million) primarily relate to interest costs arising on the lease liabilities for stores.

Foreign currency hedging

The Group currently undertakes foreign exchange transactions.

The primary inflow of foreign exchange relates to the Euro denominated revenues generated in Ireland. The primary outflow of foreign exchange relates to the purchase of stock, primarily in Chinese Renminbi.

The Group manages the risk associated with foreign currency fluctuations using forward contracts for the sale or the purchase of the respective currency for a period of up to 12 months in advance. We have currently hedged our expected currency inflows and outflows for the remainder of the financial year.

Taxation

The reported tax rate in the current year is a credit of 20.1% (HI 2023: charge of 19.5%).

As at 30 September 2023 the deferred tax asset amounted to £1.0 million (31 March 2023: £1.0 million). This balance reflects the anticipated future cash benefit expected to be derived from utilising previously generated tax losses and the utilisation of the available capital allowances which are greater than the recorded net book value.

Earnings/loss per share

The loss per share for HI 2024 was 0.96 pence (HI 2023: earnings per share of 1.19 pence).

Dividends

The Board does not recommend the payment of a dividend in respect of this Period. No dividends were paid in the prior financial year.

Cash flow and cash position

Cash, net of bank borrowings, at the Period end amounted to £3.6 million (HI 2023: £9.2 million), a decline of £2.6 million since 31 March 2023.

The EBITDA of £1.1 million generated in the Period was a £2.6 million decline on HI 2023. The positive cash flow was complemented by a £1.0 million cash inflow from working capital movements (HI 2023: £2.6 million) which reflects the £1.0 million reduction in inventories since 31 March 2023.

Capital expenditure amounted to £3.4 million (HI 2023: £0.7 million) in the Period. Included in this spend was a £1.3 million expenditure related to the expansion of capacity at our Distribution Centre.

Also included in capital expenditure was investment of £1.2 million in year, arising from the three new store openings and two store relocations completed during the Period.

The cash outflows from financing activities amounted to £2.5 million (HI 2023: £2.4 million) and related to the repayment of £1.2 million of bank borrowings and the payment of lease liabilities amounting to £1.3 million.

At 4 December 2023, total liquidity headroom amounted to £4.9 million which included cash net of borrowings amounting to £0.9 million. There are no financial covenants associated with the Group's bank facilities.

QUIZ plc
Unaudited consolidated statement of
comprehensive income
For the six months ended 30 September 2023

		Unaudited six months ended 30 September 2023 £000	Unaudited six months ended 30 September 2022 £000	Audited year ended 31 March 2023 £000
	Notes			
Continuing operations				
Revenue	3	42,295	49,410	91,680
Cost of sales		(16,148)	(18,956)	(35,166)
Gross profit		<u>26,147</u>	<u>30,454</u>	<u>56,514</u>
Administrative costs		(21,925)	(22,026)	(41,728)
Distribution costs		(5,521)	(6,581)	(12,544)
Other operating income		9	53	214
Total operating costs		<u>(27,437)</u>	<u>(28,554)</u>	<u>(54,058)</u>
Operating (loss)/profit	4	<u>(1,290)</u>	<u>1,900</u>	<u>2,456</u>
Finance income		79	12	89
Finance costs		(282)	(77)	(248)
(Loss)/profit before income tax		<u>(1,493)</u>	<u>1,835</u>	<u>2,297</u>
Income tax credit/(charge)	5	300	(358)	(260)
(Loss)/profit for the period		<u>(1,193)</u>	<u>1,477</u>	<u>2,037</u>
Other comprehensive (expense)/income				
Foreign currency translation differences - foreign operations		(27)	156	138
(Loss)/profit and total comprehensive (expense)/income for the period		<u>(1,220)</u>	<u>1,633</u>	<u>2,175</u>
(Loss)/earnings per share	7	<u>(0.96)p</u>	<u>1.19p</u>	<u>1.64p</u>

All of the above income is attributable to the shareholders of the Company.

QUIZ PLC**Unaudited consolidated statement of financial position****As at 30 September 2023**

		Unaudited as at 30 September 2023 £000	Unaudited as at 30 September 2022 £000	Audited as at 31 March 2023 £000
	Notes			
Assets				
Non-current assets				
Property, plant and equipment	8	6,832	3,997	4,688
Right-of-use assets	9	6,790	5,069	6,523
Intangible assets	10	2,801	2,624	2,703
Deferred tax assets		1,041	600	957
Total non-current assets		<u>17,464</u>	<u>12,290</u>	<u>14,871</u>
Current assets				
Inventories		11,334	11,122	12,322
Trade and other receivables	11	7,253	6,351	7,429
Cash and cash equivalents	13	3,850	9,210	7,575
Total current assets		<u>22,437</u>	<u>26,683</u>	<u>27,326</u>
Total assets		<u>39,901</u>	<u>38,973</u>	<u>42,197</u>
Liabilities				
Current liabilities				
Trade and other payables	12	(12,435)	(13,136)	(12,602)
Loans and borrowings		(258)	-	(1,410)
Lease liabilities		(2,384)	(1,839)	(1,909)
Derivative financial liabilities		(43)	(300)	(65)
Corporation tax payable		(95)	-	(291)
Total current liabilities		<u>(15,215)</u>	<u>(15,275)</u>	<u>(16,277)</u>
Non-current liabilities				
Lease liabilities		(4,951)	(3,320)	(4,967)
Deferred tax liabilities		-	(14)	(20)
Total non-current liabilities		<u>(4,951)</u>	<u>(3,334)</u>	<u>(4,987)</u>
Total liabilities		<u>(20,166)</u>	<u>(18,609)</u>	<u>(21,264)</u>
Net assets		<u>19,735</u>	<u>20,364</u>	<u>20,933</u>
Equity				
Called up share capital		373	373	373
Share premium		10,315	10,315	10,315
Merger reserve		1,130	1,130	1,130
Retained earnings		7,917	8,546	9,115
Total equity		<u>19,735</u>	<u>20,364</u>	<u>20,933</u>

QUIZ PLC**Unaudited consolidated statement of changes in equity****For the six months ended 30 September 2023**

	Unaudited as at 30 September 2023 £000	Unaudited as at 30 September 2022 £000	Audited as at 31 March 2023 £000
Share capital			
Balance at beginning and end of period	373	373	373
Share premium			
Balance at beginning and end of period	10,315	10,315	10,315
Merger reserve			
Balance at beginning and end of the period	1,130	1,130	1,130
Retained earnings			
Balance at beginning of period	9,115	6,885	6,885
Total comprehensive (expense)/income	(1,220)	1,633	2,175
Share based payments	22	28	55
Balance at end of period	7,917	8,546	9,115
Total equity at beginning of period	20,933	18,703	18,703
Total equity at end of period	19,735	20,364	20,933

QUIZ PLC**Unaudited consolidated statement of changes of cash flows**

For the six months ended 30 September 2023

	Unaudited six months ended 30 September 2023 £000	Unaudited six months ended 30 September 2022 £000	Audited year ended 31 March 2023 £000
Cash flows from operating activities			
Cash generated by operations			
(Loss)/profit for the period	(1,193)	1,477	2,037
Adjusted for:			
Depreciation of property, plant and equipment	845	606	1,263
Depreciation of right-of-use asset	1,282	943	1,898
Amortisation of intangible assets	293	284	589
Share based payment charges	22	28	55
Exchange movement	(31)	153	126
Finance income	(79)	(12)	(89)
Finance cost expense	282	77	248
Income tax (credit)/charge	(300)	358	260
Decrease/(increase) in inventories	988	588	(612)
Decrease/(increase) in receivables	176	74	(1,384)
(Decrease)/increase in payables	(189)	1,905	1,136
Net cash from operating activities	2,096	6,481	5,527
Interest paid	(34)	(28)	(18)
Income taxes paid	-	-	417
Net cash inflow from operating activities	2,062	6,453	5,926
Cash flow from investing activities			
Payments to acquire intangible assets	(391)	(126)	(510)
Payments to acquire property, plant and equipment	(2,989)	(618)	(1,965)
Interest received	79	12	89
Net cash outflow from investing activities	(3,301)	(732)	(2,386)
Cash flows from financing activities			
Loans repaid	(1,152)	(1,420)	(10)
Payment of lease liabilities	(1,338)	(935)	(1,807)
Net cash outflow from financing activities	(2,490)	(2,355)	(1,817)
Net (decrease)/increase in cash and cash equivalents	(3,729)	3,366	1,723
Cash and cash equivalents at beginning of period	7,575	5,840	5,840
Effect of foreign exchange rates	4	4	12
Cash and cash equivalents at end of period	13 3,850	9,210	7,575

Basis of Preparation

1.1 General Information

QUIZ plc is a public limited company incorporated and registered in Jersey and listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Its registered office is: 22 Grenville Street, St Helier, Jersey, Channel Islands, JE4 8PX.

1.2 Basis of Preparation

These interim financial statements for the six months to 30 September 2023 have been prepared in accordance with “IAS 34 Interim Financial Reporting” as adopted by the European Union and the requirements of the Disclosures and Transparency Rules. They are unaudited and do not include all of the information required for full annual financial statements and do not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991.

The comparative figures for the year ended 31 March 2023 are not the Group’s statutory accounts for that financial year. The interim financial statements should be read in conjunction with the Group’s Annual Report and Accounts for the year ended 31 March 2023, which were prepared and approved by the directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Companies (Jersey) Law 1991. The auditors’ report on those accounts was unqualified and did not include reference to any matters on which the auditors were required to report by exception under Companies (Jersey) Law 1991. The Annual Report and Financial Statements for the year ended 31 March 2023 has been filed with the Jersey Companies Registry and are available on www.quizgroup.co.uk

The Group’s business activities together with the factors that are likely to affect its future developments, performance and position are set out in the Business and Financial Reviews of its Annual Report and Financial Statements for the year ended 31 March 2023. The Financial Review describes the Group’s financial position, cash flows and bank facilities. The interim financial statements are unaudited and were approved by the board of directors on 4 December 2023.

The interim financial statements have been prepared by the directors of the Company (the “Directors”) under the historical cost convention except for certain financial instruments and share based payment liabilities which are measure at fair value.

1.3 Accounting Standards

The accounting policies applied in these interim financial statements are the same as those set out in the Group’s Annual Report and Financial Statements for the year ended 31 March 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not effective.

There are several standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. Of these new standards, amendments and interpretations, there are none which are expected to have a material impact on the Group’s consolidated financial statements.

1.4 Use of Estimates and Judgements

In the application of the Group’s accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent

from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

Information about such estimations and judgements are contained in individual accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Inventory provision

Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling prices and is consequently a source of estimation uncertainty.

The provision for aged inventory is calculated by providing for 50% of inventory that is more than three seasons old and providing for 100% of inventory that is more than three years old. Given the potential for demand to be impacted going forward the Group has provided up to 10% of the remaining inventory. Given this approach the provision for aged inventory totalled £1,570,000 at 31 March 2023 (31 March 2023: £1,675,000).

Returns provision

The accounting estimate related to the return of stocks sold online is susceptible to changes from period to period. The value of expected returns of £518,000 (31 March 2023: £638,000) is estimated using recent past experience and a review of returns received post year end. The provision reflecting the impact of these anticipated returns on the income statement is included in the other payables balance.

1.5 Going concern

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements together with factors likely to affect its performance and financial position. The directors have prepared trading and cash flow forecasts covering a period of one year from the date of approval of these interim financial statements.

The key judgements in relation to the going concern assessment are in respect of the potential impact of the recent cost of living increases on the Group and the impact on consumer demand in the markets in which the Group operates. When making these judgements, the Directors considered the current trading levels and the outlook for the Group against their detailed base case scenario and further downside scenarios.

The Group has £4.0 million of banking facilities, which expire on 30 June 2024. These facilities comprise a £2.0 million overdraft and £2.0 million working capital facility. There are no financial covenants associated with these facilities, which are reviewed annually. Whilst the facilities are repayable on demand the Directors believe that these facilities will be available to the Group through to 30 June 2024 and will be renewed in due course.

The base case and downside scenario forecasts indicate the Group will remain within its available borrowing facilities through the forthcoming twelve-month period. Further actions could be

undertaken to mitigate against any shortfalls arising from these scenarios. These include reducing operating costs and capital expenditure, and optimising working capital

Based on the assessment undertaken, the directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future, being a period of twelve months from the date interim financial statements were approved, being 4 December 2023. Accordingly, the directors consider it appropriate to continue to adopt a going concern basis of accounting in preparing the interim financial statements of the Group.

2. Principal risks and uncertainties

The board considers the principal risks and uncertainties which could impact the group over the remaining six months of the financial year to 31 March 2024 to be unchanged from those set out on in the Annual Report and Financial Statements for the year ended 31 March 2023 which related to the following matters:

- Global or Regional Pandemics
- Brand and Reputational Risk
- Development of Overseas Markets
- Fashion and Design
- Challenging Economic Environment
- Competitor Actions
- Product Sourcing;
- Loss of Key Trading Partner
- Physical Infrastructure
- IT Infrastructure and Cyber Security
- Infrastructure for E-commerce Sales
- People
- Loss of Key Staff
- Regulatory and Legal Framework
- Foreign Exchange

Further information on the nature of these risks, their potential impact and the existing mitigating factors to address them is detailed on pages 14 to 17 of the Annual report and Financial Statements for the year ended 31 March 2023

3. Revenue

An analysis of revenue by source and geographical destination is as follows:

	Unaudited six months ended 30 September 2023 £000	Unaudited six months ended 30 September 2022 £000	Audited year ended 31 March 2023 £000
Online	12,555	16,121	29,872
International	7,736	8,691	16,357
UK stores and concessions	22,004	24,598	45,451
	<u>42,295</u>	<u>49,410</u>	<u>91,680</u>
United Kingdom	33,879	40,574	75,077
Overseas	8,416	8,836	16,603
	<u>42,295</u>	<u>49,410</u>	<u>91,680</u>

4. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	Unaudited six months ended 30 September 2023 £000	Unaudited six months ended 30 September 2022 £000	Audited year ended 31 March 2023 £000
Cost of inventories recognised as an expense	16,148	18,956	35,166
Distribution costs	5,521	6,581	12,544
Employment costs	10,879	10,064	19,236
Depreciation	2,127	1,549	3,161
Amortisation	293	284	589
Short-term lease payments	1,048	1,404	2,257
Other operating income	(9)	(53)	(214)
Other expenses	7,578	8,725	16,485
	<u>43,585</u>	<u>47,510</u>	<u>89,224</u>

Employment costs reflect the costs incurred on those employees directly employed by the Group and agency costs.

5. Income Tax Expense

The Group's effective tax rate in respect of continuing operations for the six months ended 30 September 2023 is a credit of 20.1% (six months ended 30 September 2022 – charge of 19.5% and year ended 31 March 2023: charge of 11.3%).

6. Dividends

No dividend was paid in the current or previous periods.

7. Earnings per share

	Unaudited six months ended 30 September 2023	Unaudited six months ended 30 September 2022	Unaudited year ended 31 March 2023
Weighted number of ordinary shares outstanding	124,230,905	124,230,905	124,230,905
Earnings: (loss)/profit (£000)	(1,193)	1,477	2,037
(Loss)/earnings per share (pence)	(0.96)	1.19	1.64

Given the share price during the period there is no dilutive effect from the share options outstanding.

8. Property, Plant and Equipment

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2023	792	137	1,698	15,822	18,449
Additions	87	-	425	2,477	2,989
Disposals	(7)	-	(11)	(417)	(435)
At 30 September 2023	872	137	2,112	17,882	21,003
Depreciation					
At 1 April 2023	573	99	1,150	11,939	13,761
Charge	81	8	126	630	845
Disposals	(7)	-	(11)	(417)	(435)
At 30 September 2023	647	107	1,265	12,152	14,171
Net book value					
At 30 September 2023	225	30	847	5,730	6,832
At 31 March 2023	219	38	548	3,883	4,688

9. Right-of-Use Assets

	Property £000
Cost	
At 1 April 2023	8,888
Additions	1,549
Disposals	(928)
At 30 September 2023	<u>9,509</u>
Depreciation	
At 1 April 2023	2,365
Charge	1,282
Disposals	(928)
At 30 September 2023	<u>2,719</u>
Net book value	
At 30 September 2023	<u>6,790</u>
At 31 March 2023	<u>6,523</u>

The Group presents lease liabilities separately within the statement of financial position. The movement in the period comprised:

	£000
Cost	
At 1 April 2023	6,876
New leases entered into	1,549
Interest expense related to lease liabilities	248
Repayment of lease liabilities (including interest)	(1,338)
At 30 September 2023	<u>7,335</u>
Current lease liabilities	2,383
Non-current lease liabilities	<u>4,951</u>

10. Intangibles

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
Cost				
At 1 April 2023	6,175	4,337	165	10,677
Additions	-	391	-	391
At 30 September 2023	<u>6,175</u>	<u>4,728</u>	<u>165</u>	<u>11,068</u>
Depreciation				
At 1 April 2023	5,248	2,632	94	7,974
Amortisation	-	285	8	293
At 30 September 2023	<u>5,248</u>	<u>2,917</u>	<u>102</u>	<u>8,267</u>
Net book value				
At 30 September 2023	<u>927</u>	<u>1,811</u>	<u>63</u>	<u>2,801</u>
At 31 March 2023	<u>927</u>	<u>1,705</u>	<u>71</u>	<u>2,703</u>

11. Trade and other receivables

	Unaudited as at 30 September 2023 £000	Unaudited as at 30 September 2022 £000	Audited as at 31 March 2023 £000
Trade receivables – gross	3,144	3,069	3,292
Allowance for doubtful debts	(283)	(447)	(333)
Trade receivables - net	<u>2,861</u>	<u>2,622</u>	<u>2,959</u>
Other receivables	533	574	2,113
Current tax receivable	-	380	-
Prepayments and accrued income	3,859	2,775	2,357
	<u><u>7,253</u></u>	<u><u>6,351</u></u>	<u><u>7,429</u></u>

12. Trade and other payables

	Unaudited as at 30 September 2023 £000	Unaudited as at 30 September 2022 £000	Audited as at 31 March 2023 £000
Trade payables	8,442	5,728	7,116
Other taxes and social security costs	377	1,642	1,610
Accruals	2,418	3,990	2,585
Other payables	1,198	1,768	1,291
Amounts due to related parties	-	8	-
	<u><u>12,435</u></u>	<u><u>13,136</u></u>	<u><u>12,602</u></u>

13. Cash and cash equivalents

	Unaudited as at 30 September 2023 £000	Unaudited as at 30 September 2022 £000	Audited as at 31 March 2023 £000
Cash at bank and in hand	<u><u>3,850</u></u>	<u><u>9,210</u></u>	<u><u>7,575</u></u>

14. Financial Instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities. All financial liabilities are measured at amortised cost.

	Unaudited as at 30 September 2023 £000	Unaudited as at 30 September 2022 £000	Audited as at 31 March 2023 £000
Carrying value of financial assets:			
Cash and cash equivalents	3,850	9,210	7,575
Trade and other receivables	3,394	3,576	5,072
Total financial assets	<u>7,244</u>	<u>12,786</u>	<u>12,647</u>
Carrying value of financial liabilities:			
Trade and other payable	(9,640)	(7,504)	(10,992)
Bank and other borrowings	(258)	-	(1,410)
Derivative financial instruments	(43)	(300)	(65)
Lease liabilities	(7,334)	(5,159)	(6,876)
Total financial liabilities	<u>(17,275)</u>	<u>(12,963)</u>	<u>(19,343)</u>

The cash and cash equivalents are held with bank and financial institution counterparties, which are rated P-1 and A-1, based on Moody's ratings.