

QUIZ

QUIZ plc

("QUIZ" or the "Group")

Interim Results for the six months ended 30 September 2017

"Strong growth across all channels as the QUIZ brand gains momentum"

QUIZ, the omni-channel fast fashion womenswear brand, is pleased to announce its unaudited interim results for the six months ended 30 September 2017 ("HI 2018").

Financial highlights:

	Six months to 30 September 2017 (unaudited)	Six months to 30 September 2016 (unaudited)	Change
Group Revenue	£56.1m	£41.5m	+35.2%
Underlying ¹ EBITDA	£6.2m	£4.7m	+32.1%
EBITDA	£5.0m	£4.7m	+7.4%
Underlying ¹ Profit Before Tax	£4.8m	£3.7m	+31.0%
Profit Before Tax	£3.7m	£3.7m	-0.2%
Net cash at period end	£11.9m	£0.4m	+£11.5m
Underlying Basic EPS ²	3.28p	2.42p	35.5%

- Group revenue increased 35.2% period on period driven by strong growth across all channels:
 - Online revenue increased 204.6% to £13.8m (HI 2017: £4.5m)
 - Underlying International sales³ increased 26.1% to £10.0m (HI 2017: £8.0m)
 - Revenue from UK stores and concessions increased 15.2% to £32.3m (HI 2017: £28.1m)
- Underlying EBITDA increased 32.1% year on year to £6.2m (HI 2017: £4.7m)
- Strong operating cash flows of £5.8m (HI 2017: £1.6m)

Operational highlights:

- Active⁴ online customer base increased 85.8% to 262,000
- Continued UK expansion with 5 new stores and 7 concessions opened by end of November 2017
- Opened our first stores beyond the UK and Ireland with three stores in Spain
- Accelerated investment in expansion of distribution centre in response to strong growth in online sales

- Successful placing on AIM in July raising £10.3m of cash for the business to help fund further expansion
- Continued strong current trading with underlying Group revenue³ in the seven weeks to 18 November 2017 up 32.9% year on year

1. Underlying EBITDA and Profit Before Tax: excludes non-recurring items relating to the costs of admission to AIM and the Group reorganisation undertaken prior to admission and share based payment charges. A reconciliation to reported (IFRS) results is included in the financial review below.
2. Underlying EPS: underlying PBT less tax at statutory rate divided by the number of shares on a pro forma basis, i.e. assuming that the number of shares in issue immediately post-IPO were in issue through the entire comparative period.
3. International sales comprise the results from QUIZ standalone stores and concessions in the Republic of Ireland, standalone stores in Spain and franchises in 20 countries. Underlying sales exclude non-recurring wholesale revenue in relation to Spain in the year ended 31 March 2017.
4. An active customer is a customer registered on our database who has transacted in the last 12 months.
5. 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.

Tarak Ramzan, Founder and Chief Executive Officer, commented:

“We are pleased to report a very good performance for the QUIZ brand in the first half of the financial year with strong growth delivered across each of the brand’s distribution channels, most notably Online and International.

“The Group’s strong performance is a reflection of the growing awareness of the QUIZ brand and increasing demand for our products that offer the latest glamorous looks and occasion wear at great value.

“Current trading has remained strong since the period end and, underpinned by our strong collections, the Group enters the important Christmas trading period with good momentum. The Board remains confident of delivering growth across all channels for the full year.”

Analyst meeting:

A meeting for sell-side analysts will be held at the offices of Hudson Sandler LLP, 29 Cloth Fair, London EC1A 7NN on 22nd November 2017, commencing at 9.30am. QUIZ plc’s interim results 2017 are available at quizgroup.co.uk

Enquiries:

QUIZ plc

Tarak Ramzan, Chief Executive Officer
Gerry Sweeney, Chief Financial Officer
Sheraz Ramzan, Chief Commercial Officer

Via Hudson Sandler

Panmure Gordon

(Nominated Adviser and Sole Broker)
Ben Thorne / Alina Vaskina / Andrew Godber
(Corporate Finance)

+44 (0) 207 886 2500

Erik Anderson / Amy Sarra (Corporate Broking)

Hudson Sandler LLP (Public Relations)

Alex Brennan / Sophie Lister / Fern Duncan

+44 (0) 207 796 4133

quiz@hudsonsandler.com

About QUIZ

QUIZ is an omni-channel fast fashion womenswear brand, specialising in occasion wear and dressy casual wear.

QUIZ delivers a distinct proposition that empowers fashion forward females 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 fast, flexible supply chain, together with the winning formula of style, quality, value and speed-to-market has enabled QUIZ to grow rapidly into an international brand with more than 300 standalone stores, concessions, franchise stores, wholesale partners and international online partners in 20 countries.

QUIZ operates through an omni-channel, fast fashion business model, which encompasses online sales, standalone stores, concessions including, among others, Debenhams and House of Fraser, 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 first half of the 2018 financial year has been a transformational period for QUIZ, notably including our successful IPO in July 2017. The Group's growth and expansion has continued at great pace during the period as we have continued to deliver excellent progress against our strategy of developing QUIZ as a leading international omni-channel fast fashion brand.

The Group's expansion across all its market channels, in combination with growing awareness of the QUIZ brand in the UK and internationally, resulted in a 35.2% increase in revenue to £56.1m in HI 2018 from £41.5m in the same period the prior year, and a 31.0% increase in underlying profit before tax to £4.8m in HI 2018 from £3.7m in the same period the prior year.

In line with our focussed plans for growth outlined at the time of the Group's IPO, the highest sales growth was achieved in both Online and International where we continue to see very exciting opportunities for QUIZ.

The Group's growth during the period has been supported by our state of the art distribution centre, which was opened during 2016 and has provided the base for the business to grow revenues profitably. The increased and effective marketing investment along with the successful expansion of our collections, including the launch of our Curve and Bridal ranges, have driven the increased sales in the period.

It is pleasing that we have grown revenues whilst maintaining margins and profitability. The business will continue to focus its expansion where strong returns can be generated and will look to grow in each revenue channel, especially online where exceptional growth has been experienced in HI 2018.

We have a clear customer focus, a proven "test and repeat" model and a first-class team, all underpinned by a well-invested infrastructure. With these strengths, we are confident that the Group will continue to deliver its clear omni-channel growth opportunities and enable the QUIZ brand to achieve its hugely exciting global potential.

FINANCIAL REVIEW

Group overview

Group revenue increased 35.2% to £56.1m in HI 2018 (HI 2017: £41.5 m).

Underlying operating profit increased 31.0% to £4.8m (HI 2017: £3.7m) and underlying EBITDA increased 32.1% to £6.2m (HI 2017: £4.7m). When the costs of the IPO transaction and the Group restructuring undertaken prior to the IPO (£1.0m) and the impact of share based payments (£0.1m) are included, operating profits were £3.7m (HI 2017: £3.7m) and EBITDA increased to £5.0m (HI 2017: £4.7m). The underlying EBITDA margin of 11.0% was consistent with the previous period (HI 2017: 11.2%).

Underlying profit before tax ("PBT") increased 31.0% to £4.8m (HI 2017: £3.7m). Profit before tax reflecting the one-off costs noted above was £3.7m (HI 2017: £3.7m).

Underlying earnings per share rose 35.5% to 3.28pence (HI 2017: 2.42pence). Earnings per share reflecting the one-off costs noted above was 2.35pence (HI 2017: 2.42pence)

Cash less borrowings at the period end was £11.4m (HI 2017: net borrowings of £1.9m) which reflects the benefit of the £10.3m proceeds generated from the IPO in July 2017. Capital expenditure in HI 2018 amounted to £2.6m.

Given the Company was formed on 23 March 2017 and acquired its subsidiaries on 23 March and 5 April 2017, there are no statutory comparative figures and statutory trading figures for the year ended 31 March 2017. In order to provide an understanding of the trading performance of the Group, comparative numbers have been presented on a pro forma basis consistent with the Group being in existence through HI 2018.

In addition, to provide comparability across reporting periods, the results within this Financial Review are presented on an “underlying” basis, adjusting for the impact of this year’s IPO transaction, the Group restructuring undertaken prior to the IPO and the impact of share based payments. A reconciliation between underlying and reported results is provided at the end of this Financial Review.

Segment revenue

The growth in each revenue stream in HI 2018 was as follows:

	Six months to 30 September 2017	Six months to 30 September 2016	Year-on-year growth	Share of revenue HI 2018	Share of revenue HI 2017
Online	£13.8m	£4.5m	+204.6%	24.6%	10.8%
International - underlying	£10.0m	£8.0m	+26.1%		
International – non-recurring	-	£0.9m			
International -total	£10.0m	£8.9m	+12.3%	17.8%	21.4%
UK stores and concessions	£32.3m	£28.1m	+15.2%	57.6%	67.8%
Total	£56.1m	£41.5m	+35.2%		

Online

The QUIZ brand has continued to grow rapidly online with Group online revenue increasing 204.6% to £13.8m in HI 2018 (HI 2017: £4.5m).

Online revenues reflect sales made through QUIZ's own websites, as well as through a number of third party websites in the UK and international markets.

We continued to show strong progress across the Group’s online KPIs with Active Customers increasing by 85.8% to 262,000 (30 September 2017: 141,000). Website traffic continued to grow reflecting our increased and effective marketing investment and was up 61.5% year on year, primarily driven by mobile.

Sales through QUIZ's own website increased by 122% in HI 2018. The strong growth in sales made through third-party websites, includes the benefit of commencing sales on the Next website in October 2016 and through Zalando in May 2017.

Of the £13.8m of online sales in HI 2018, £1.1m is generated from international markets (HI 2017: £0.5m).

We have made considerable progress across our key metrics through a combination of digital and social marketing investment which has attracted new customers, increased shopping frequencies and basket sizes.

International

International sales include revenue from QUIZ standalone stores and concessions in the Republic of Ireland, standalone stores in Spain and franchises in 20 countries.

Awareness of the QUIZ brand in target international markets continued to strengthen resulting in a 26.1% (23.2% in constant currency) increase in revenue to £10.0m (HI 2017: £8.0m, excluding non-recurring wholesale revenue in relation to Spain in the year ended 31 March 2017). This increase in revenues comprised a £1.1m increase in revenues generated from our franchise partners and a £0.9m increase in revenues from our stores and concessions in the Republic of Ireland and Spain.

The increase in revenue with the non-recurring revenue included in the previous year comparative was 12.3% (9.7% in constant currency).

UK stores and concessions

Sales in the Group's UK standalone stores and concessions increased 15.2% to £32.3m (HI 2017: £28.1m) with each channel growing in line with expectations.

The rise in sales was supported by increased traffic in store reflecting increased and effective marketing investment.

The UK stores and concessions retail square footage as at 30 September 2017 was consistent with the previous year at 185,000 sq. ft. (30 September 2016: 187,000 sq. ft.).

Gross margin

Gross margin generated is consistent with the comparable period in the previous year at 63.5% (HI 2017: 63.6%).

We have mitigated pressures on costs during HI 2018 through a combination of efficient sourcing as well as providing a wider range of prices for customers to ensure that they can obtain product at their preferred price point.

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 and Spain. 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 through the use of forward contracts for the sale or the purchase of the respective currency for a period between six and 12 months in advance. We have currently hedged our expected currency inflows and outflows for the remainder of the financial year.

Operating costs

Underlying operating costs increased by 35.6% in HI 2018 from £22.7m to £30.8m. These costs represented 54.9% of revenue (HI 2017: 54.7%).

Underlying administrative costs increased by 26.6% to £20.6m (HI 2017: £16.3m) reflecting higher personnel and marketing costs in HI 2018.

During the previous twelve months, the Group has invested in additional personnel in a number of key areas such as marketing, online sales and other central functions which has seen a rise in costs relative to the previous year.

The Group continues to increase the level of marketing activity undertaken with a focus on digital and social marketing to generate new customers for all its sales channels, as well as increasing shopping frequencies and basket sizes. Marketing spend in HI 2018 amounted to £1.0m (HI 2017: £0.3m).

Distribution costs increased 58.7% to £10.2m (HI 2017: £6.4m). This increase reflects (i) the cost of carriage to stores, concessions and franchises as well as online customers and (ii) commission paid to third parties who sell product on behalf of QUIZ. The uplift in these costs reflects the higher commission costs incurred associated with a higher proportion of sales being made through third parties.

Depreciation and amortisation increased by 36.4% from £1.0m to £1.3m. This reflects the spend undertaken at our distribution centre in the previous year, continued spend on IT projects and the continued rollout of new stores.

Finance costs

There are limited finance costs incurred by the Group given the receipt of funds from the IPO process. Interest costs are now limited to the costs relating to the remaining £0.5m of term loans which were drawn down prior to the IPO to fund capital projects.

Earnings per share

Basic earnings per share for HI 2018 were 2.35pence per share (HI 2017: 2.42pence).

The underlying basic earnings per share for HI 2018, which is calculated using the underlying profit before tax less tax at the effective statutory rate, were 3.28pence (HI 2017: 2.42pence)

To provide a meaningful comparison of earnings per share across each period the weighted average number of shares in issue has been restated on a pro forma basis, for the first half of 2017, to reflect the post-IPO capital structure. The pro forma assumes that the number of shares in issue post-IPO were in issue throughout the current and previous period.

Dividends

As set out in the Group's Admission Document it is currently intended that the first dividend following Admission will be paid in respect of the current financial year and will be declared when our results for the year ended 31 March 2018 are announced. No dividend is payable in HI 2018 (HI 2017: nil).

Cash flow and cash position

Net cash at the period end amounted to £11.9m (HI 2017: £0.4m), an improvement of £11.5m which reflects the £10.3m inflow from new shares issued as part of the IPO process.

Net cash flow from operating activities was £5.8m (HI 2017: £1.6m), an improvement of £4.2m. The primary improvement relates to the working capital inflow of £0.6m which compares favourably to the £3.1m outflow in the previous year.

We have continued to invest in the business in HI 2018 with capital expenditure totalling £2.6m (HI 2017: £1.9m). Given the strong growth in online sales we accelerated our plans for the expansion of our distribution centre from the last quarter of this financial year. Spend on this expansion in the period amounted to £0.7m and will ensure that we can fulfil anticipated demand over the Christmas period.

In addition, during the period we invested £0.6m on new international stores.

Other capital spend in the period included continued IT investment with the roll out of iPads across our store estate and new Android and iOS apps which help drive further sales. In HI 2018 we also completed spend on an in-house photography studio which will reduce future costs in this area.

There were £1.0m of borrowings repaid in HI 2018 (HI 2017: £0.8m). This reflects the repayment of £0.6m of loan balances to connected parties prior to the IPO and £0.4m of repayments on term loans previously drawn down to fund capital expenditure.

The strong cash position at HI 2018 will support our plans for growth going forward.

Reconciliation of Underlying and Reported (IFRS) results

In establishing the underlying operating profit the costs adjusted include £1.0m (HI 2017: £Nil) related to the cost of the Company's admission to AIM that was completed in July and the costs related to the pre-IPO restructuring of the Group (the 'IPO costs') and £0.1m of costs related to share based payments (HI 2017: £Nil). The directors do not anticipate any further costs in relation to the IPO transaction.

A reconciliation between Underlying and Reported results is provided below:

	Six months to 30 September 2017 (unaudited)			Six months to 30 September 2016 (unaudited)	
	Underlying £000	IPO Costs £000	Share Based Payment £000	Reported £000	Reported £000
Revenue	56,147	-	-	56,147	41,520
Gross profit	35,658	-	-	35,658	26,416
Other operating costs	(30,825)	(1,002)	(150)	(31,977)	(22,726)
Operating profit	4,833	(1,002)	(150)	3,681	3,690
Finance costs(net)	(4)	-	-	(4)	(5)
Profit before tax	4,829	(1,002)	(150)	3,677	3,685

Operating profit	4,833	(1,002)	(150)	3,681	3,690
Dep'n and amortisation	1,338	-	-	1,338	981
EBITDA	6,171	(1,002)	(150)	5,019	4,671

BUSINESS REVIEW

Our growth strategy is to develop sales and expand the QUIZ brand across the Group's omni-channel distribution model. The Group has a particular focus on capturing the significant online opportunities available to QUIZ as well as on expanding internationally. This strategy is underpinned by investment in ROI-driven marketing, infrastructure and systems, and our first-class team.

Online expansion

We are delighted with the exceptionally strong online sales growth during HI 2018 which has ran ahead of our expectations. This growth was supported by increased and highly effective marketing investment which resulted in increased awareness of the QUIZ brand. This supported increased traffic and improved conversion rates across the QUIZ website and third party websites. The Group's online performance also benefited from commencing sales on the Next website in October 2016 and with Zalando in May 2017.

We are continuing to invest in achieving our significant online potential and have rolled out iPads across our entire store estate. This will allow customers to access the entire product range and to make purchases should the necessary size not be available in store. Sales captured through the iPads are recorded as online rather than as an in-store sale.

Further to the launch of our Spanish website in September, towards the end of the Period, we will support this with further marketing activity to enhance recognition of the brand and drive traffic to the website. We expect to extend our international presence with the launch of our US website by the end of this financial year.

After HI 2018 we launched new Android and iOS apps. These cutting-edge apps allow for improved integration with our social media and advertising campaigns, provide users with a better brand experience and have had an immediate positive impact on sales generated.

International expansion

Our international business continues to expand with our omni-channel model allowing a flexible approach dependent upon the market.

During HI 2018 QUIZ continued its international expansion opening three stores in Madrid, Spain during the Summer, marking the Group's first standalone stores outside the UK and the Republic of Ireland. We are working to optimise the range available across these stores. We will continue to assess the financial performance of these stores before committing to further store openings. These openings complemented the recent launch of QUIZ's own Spanish language website in September and we are pleased with the brand's progress in that market at this early stage. The management team will continue to assess the growth opportunities in the Spanish market.

During HI 2018 we opened a new concession in Galway. In October 2017, we opened a new store in Dublin. As a result, QUIZ now has seven stores and 20 concessions in the Republic of Ireland.

The global growth potential for QUIZ was demonstrated with new franchises in Dubai, UAE and Morocco, which resulted in the number of international outlets increasing from 65 to 76 points of sale in HI 2018.

Our first direct sales in the US will start in December when we commence trading with Lord and Taylor, the department store chain, in New York. We look forward to developing opportunities in this market to complement our planned US website launch.

UK store and concession roll out

Stores and concessions in the UK continue to play an important part in our strategy to expand QUIZ by driving sales, building awareness and showcasing the brand. In HI 2018, QUIZ opened one new standalone store in Warrington and four new concessions with existing UK partners. As part of the Group's active management of its retail portfolio, we closed one standalone store in Aberdeen and four concessions in the Period.

Since 30 September 2017 QUIZ has continued its UK store and concession roll out. Three new stores have opened in Plymouth, Leicester, and Glasgow with a fourth scheduled to open by the end of November in Bristol. In addition, three new concessions have opened. Further to the expiry of its lease, one store in the Arndale centre in Manchester closed in October. Further to these changes there are now 70 stores and 149 concessions in the UK.

We are pleased with the initial sales across the new stores and concessions opened in the year to date.

The Group intends to open a further two new standalone stores by the end of the financial year.

The Group will continue to apply strict investment criteria in relation to new stores and concessions in the UK. For new stores the targeted payback period is 24 months and flexible five-year leases reduces exposure to upward rent reviews. For new concessions, the targeted payback period is 12 months. By the end of the financial year we anticipate we will have opened seven standalone stores and ten concessions.

Given the strong sales performance achieved in our existing stores and concessions we anticipate that the revenue growth from UK stores and concessions will be in line with our expectations.

ROI focused marketing

Targeted and effective marketing spend is key to maintaining revenue growth across the Group and we intend to continue to increase our returns-driven marketing investment to support QUIZ's expansion.

During HI 2018, the Group increased investment in awareness-driving campaigns including a collaboration with Love Island's Gabby Allen, which saw us work with the TV star on two exclusive collections. The partnership also included a programme of in-store, media and influencer events plus offline marketing such as London Underground, where the Group also increased investment in across HI 2018.

Furthermore, the Group increased its investment in performance-focussed digital marketing to drive new customer acquisition across channels including SEO, PPC, Display and Socials Ads.

In addition, the Group has been investing in international marketing to launch the brand in Spain, with a digital marketing and influencer outreach campaign supporting the website, and tactical offline marketing activity supporting the three stores in Madrid.

As a result of effective marketing activities, the Group is experiencing a positive impact on footfall to stores and web traffic, as well as increased brand visibility. This is reflected in the Group's social media engagement which has increased significantly from the prior year with a 190% and 57% increase in our Instagram and Facebook audience respectively.

Investment in infrastructure

To ensure that our infrastructure can continue to support our targeted growth we have expanded the available space at our Distribution Centre.

Previously we utilised 180,000 sq. ft. which comprised 120,000 sq. ft. or c66% of the floor space and a 60,000 sq. ft. mezzanine level. The available space is being increased to 232,000 sq. ft. with the extension of an additional 26,000 sq. ft. of ground floor and mezzanine space. This extension is primarily to ensure that we can meet the increased requirements of our Online business. As part of this work, the number of packing stations available to help fulfil online sales will be increased from 24 to 78. The planned investment in this expansion is £0.8m.

First class team

QUIZ has a talented and dynamic team whose skill, commitment and drive is central to the Group's continued growth and success.

We were delighted to strengthen this team at the time of the IPO with the appointment of Peter Cowgill as independent non-executive Chairman and Charlotte O'Sullivan as independent non-executive Director. They joined Roger Mather, an independent non-executive Director, on our Board and are each bringing significant experience to complement the existing skills of the executive management team.

We have continued to invest in our team during H1 2018 and to support our marketing function we were delighted to announce that Lesley Morton joined as Head of Marketing in August. Lesley is a vastly experienced marketing professional and we are already seeing her valuable input as she supports the business in developing creative marketing campaigns to help boost customers, grow brand awareness and bolster engagement.

We have also recently appointed Scott Cottingham as Head of IT. Scott has extensive experience of managing the development of IT systems and infrastructure in a rapidly growing retail environment and we look forward to Scott contributing to our future development.

OUTLOOK AND CURRENT TRADING

QUIZ is a distinctive fast fashion brand selling quality and value for money women's occasion wear and dressy casual wear that is relevant to a wide age group.

Our flexible omni-channel model allows us to focus on those areas where we can generate the highest growth. The Group will continue to increase its investment in the areas where we are generating the strongest returns, most notably online where we have outstanding momentum.

Since the end of H1 2018 we have continued to trade well. Underlying sales, excluding non-recurring wholesale revenue in relation to Spain in the year ended 31 March 2017, in the seven weeks to 18 November 2017 are up 32.9% year on year, in line with our expectations, and are continuing to be driven by growth across all channels. Our strong growth, supported by very positive customer feedback on our collections, is encouraging as we enter the important Christmas period and the Board remains confident of delivering further growth across all channels for the full year.

QUIZ plc
Unaudited consolidated income statement
For the six months ended 30 September 2017

		Unaudited six months ended 30 September 2017 £000	Unaudited six months ended 30 September 2016 £000	Unaudited year ended 31 March 2017 £000
	Notes			
Continuing operations				
Revenue	3	56,147	41,520	89,767
Cost of sales		(20,489)	(15,104)	(33,511)
Gross profit		35,658	26,416	56,256
Recurring administrative costs		(20,807)	(16,315)	(34,527)
Non-recurring administrative costs	4	(1,002)	-	-
Total administrative costs	5	(21,809)	(16,315)	(34,527)
Distribution costs		(10,175)	(6,414)	(13,602)
Other operating income		7	3	8
Total operating costs		(31,977)	(22,726)	(48,121)
Operating profit		3,681	3,690	8,135
Finance income		21	7	7
Finance costs		(25)	(12)	(30)
Profit before income tax		3,677	3,685	8,112
Income tax charge	6	(756)	(679)	(1,495)
Total comprehensive income for the period		2,921	3,006	6,617
Basic earnings per share	8	2.35p	2.42p	5.33p
Diluted earnings per share	8	2.35p	2.42p	5.32p

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 2017

		Unaudited as at 30 September 2017 £000	Unaudited as at 30 September 2016 £000	Unaudited as at 31 March 2017 £000
	Notes			
Assets				
Non-current assets				
Property, plant and equipment		13,096	11,543	12,119
Intangible assets – other than goodwill		610	361	341
Goodwill		6,175	6,175	6,175
Total non-current assets	9	<u>19,881</u>	<u>18,079</u>	<u>18,635</u>
Current assets				
Inventories		11,421	8,334	9,312
Trade and other receivables	10	10,331	9,531	10,733
Cash and cash equivalents		11,907	3,047	2,059
Total current assets		<u>33,659</u>	<u>20,912</u>	<u>22,104</u>
Liabilities				
Current liabilities				
Loans and borrowings		(398)	(4,526)	(3,788)
Trade and other payables	11	(14,207)	(12,174)	(11,173)
Total current liabilities		<u>(14,605)</u>	<u>(16,700)</u>	<u>(14,961)</u>
Non-current liabilities				
Loans and borrowings		(91)	(469)	(279)
Deferred tax liabilities		(621)	(498)	(574)
Total non-current liabilities		<u>(712)</u>	<u>(967)</u>	<u>(853)</u>
Net assets		<u>38,223</u>	<u>21,324</u>	<u>24,925</u>
Equity				
Called up share capital	13	379	1,454	1,454
Share premium		10,315	-	-
Merger reserve		915	-	-
Retained earnings		26,614	19,870	23,471
Total equity		<u>38,223</u>	<u>21,324</u>	<u>24,925</u>

QUIZ plc
Unaudited consolidated statement of changes in equity
For the six months ended 30 September 2017

	Unaudited as at 30 September 2017 £000	Unaudited as at 30 September 2016 £000	Unaudited as at 31 March 2017 £000
Notes			
Share capital			
Balance at beginning of period	1,454	3,454	3,454
Cancellation of preference shares	-	(2,000)	(2,000)
Impact of Group reconstruction	(1,095)	-	-
New shares issued	20	-	-
Balance at end of period	<u>379</u>	<u>1,454</u>	<u>1,454</u>
Share premium			
Balance at beginning of period	-	-	-
New shares issued (net of expenses)	10,315	-	-
Balance at end of period	<u>10,315</u>	<u>-</u>	<u>-</u>
Merger reserve			
Balance at beginning of period	-	-	-
Impact of Group reconstruction	915	-	-
Balance at end of period	<u>915</u>	<u>-</u>	<u>-</u>
Profit and loss account			
Balance at beginning of period	23,471	16,775	16,775
Total comprehensive income	2,921	3,006	6,617
Share based payments charge	150	-	-
Foreign exchange gain/(loss) on non UK assets	72	89	93
Dividends	-	-	(14)
Balance at end of period	<u>26,614</u>	<u>19,870</u>	<u>23,471</u>
Total equity at beginning of period	<u>24,925</u>	<u>20,229</u>	<u>20,229</u>
Total equity at end of period	<u>38,223</u>	<u>21,324</u>	<u>24,925</u>

QUIZ plc
Unaudited consolidated statement of cash flows
For the six months ended 30 September 2017

	Unaudited six months ended 30 September 2017 £000	Unaudited six months ended 30 September 2016 £000	Unaudited year ended 31 March 2017 £000
Cash flows from operating activities			
Cash generated by operations			
Operating profit	3,681	3,690	8,135
Depreciation of tangible assets	1,296	944	2,046
Amortisation of intangible assets	42	39	78
Share based payment charges	150	-	-
Exchange movement	62	20	23
Increase in stocks	(2,109)	(2,145)	(3,123)
Decrease/(increase) in debtors	402	(3,222)	(4,424)
Increase in creditors	2,326	2,278	1,443
Net cash from operating activities	<u>5,850</u>	<u>1,604</u>	<u>4,178</u>
Interest paid	(25)	(12)	(33)
Income taxes paid	-	-	(903)
Net cash generated in operating activities	<u><u>5,825</u></u>	<u><u>1,592</u></u>	<u><u>3,242</u></u>
Cash flow from investing activities			
Payments to acquire intangible assets	(310)	(13)	(33)
Payments to acquire property, plant and equipment	(2,274)	(1,860)	(3,537)
Payments to facilitate Group reconstruction	(180)	-	-
Interest received	21	7	7
Net cash used in investing activities	<u><u>(2,743)</u></u>	<u><u>(1,866)</u></u>	<u><u>(3,563)</u></u>
Cash flows from financing activities			
Proceeds of new borrowings	-	302	591
Repayment of borrowings	(1,036)	(762)	(1,831)
Repayment of finance leases	-	(1)	(1)
Net proceeds from share issue	10,335	-	-
Dividends paid	-	-	(14)
Net cash generated/(used) by financing activities	<u><u>9,299</u></u>	<u><u>(461)</u></u>	<u><u>(1,255)</u></u>
Net increase/decrease in cash and cash equivalents	12,381	(735)	(1,576)
Cash and cash equivalents at beginning of period	(484)	1,022	1,022
Effect of foreign exchange rates	10	69	70
Cash and cash equivalents at end of period	<u><u>11,907</u></u>	<u><u>356</u></u>	<u><u>(484)</u></u>

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I Basis of Preparation

I.1 Reporting Entity

The Company was incorporated and registered in Jersey on 22 March 2017 as QUIZ Limited, a private limited company, and on 17 July 2017 was re-registered as a public limited company. Kast Services Limited became a subsidiary of the Company with effect from its incorporation on 23 March 2017 and Kast Retail Ltd, Tarak International Limited and Shoar (Holdings) Limited became subsidiaries of the Company following the completion of share exchange agreements on 5 April 2017. The Company is now the parent holding company of the Subsidiaries (together the “Group”).

The interim financial statements have been prepared by the directors of the Company (the “Directors”) on a going concern basis and under the historical cost convention and is presented in pounds’ sterling (£) being the functional currency of the Subsidiaries.

The registered office of the Subsidiaries is 61 Hydepark Street, Glasgow, G3 8BQ. The principal activity of the Subsidiaries is the retail of ladies fashion clothing, footwear and accessories.

I.2 Basis of Preparation

These interim financial statements have been prepared in accordance with “IAS 34 Interim Financial Reporting” as adopted by the EU and the requirements of the Disclosures and Transparency Rules. They do not include all of the information required for full annual financial statements and do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

I.3 Pro-forma Comparatives

Given the Company formed on 23 March 2017 and acquired its subsidiaries on 23 March and 5 April 2017 there are no statutory comparative figures and statutory trading figures for the year ended 31 March 2017.

The interim financial statements consolidate Kast Services Limited which became a subsidiary on 23 March 2017 and those companies that became subsidiaries on 5 April 2017; Kast Retail Limited (and its subsidiary, Kast Franchise Spain SL), Tarak International Limited, Shoar (Holdings) Limited (and its subsidiary, Tarak Retail Limited). All intercompany transactions and balances between Group companies are eliminated.

Prior to becoming subsidiaries of the Company, each company in the Group operated under the QUIZ brand and was closely controlled by a common management team and shareholders. Management decisions were taken in consideration of the development of all the companies operating in concert throughout all the preceding periods.

The Directors have considered the accounting policy that should be applied in respect of the consolidation of the Group formed in anticipation of Admission to AIM. They have concluded the transactions described above represented a combination of entities under common control and in accordance with IAS 8 ‘Accounting policies, changes in accounting estimates and errors’ have considered FRS 102 Section 19, which the directors believe reflects the economic substance of the transaction. Under this standard, assets and liabilities are recorded at book value, not fair value, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer, no goodwill is recognised and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented. Therefore, although the group reconstruction did not take place until 5 April 2017, these interim

financial statements are presented as if the group structure had always been in place, using merger accounting policies.

Statutory accounts for the companies aggregated in the financial statements for the year ended 31 March 2017 have been delivered to the Registrar of Companies. The auditor's report on those accounts were unmodified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

1.4 Significant Accounting Policies

The interim financial statements have been prepared in accordance with accounting policies that are consistent with those applied in the preparation of the Historical Financial Information to 31 March 2017 presented on pages 58 to 64 in the Admission Document for the Placing and Admission to AIM by the Company, which is available on www.quizgroup.co.uk and that are expected to be applied in the Report and Accounts of the year ended 31 March 2018. The following new or revised standards or interpretations apply to accounting periods beginning after 31 March 2017:

New or Revised Standards or Interpretation	Effective for Accounting Periods Commencing on or After
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to IAS 7: Disclosure initiative	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 16 Leases	1 January 2019

Management are currently assessing the impact IFRS 16 Leases will have on the recognition of assets and related liabilities and the associated lease costs. Management do not consider that the other new or revised standards or interpretations will have a material effect on the interim statements for the period ended 30 September 2017.

1.5 Going concern

The directors have prepared trading and cash flow forecasts for a period of one year from the date of approval of these interim financial statements. The directors have a reasonable expectation that the Group has adequate cash headroom. Accordingly, they continue to adopt a going concern basis in preparing the 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 2018 to be unchanged from those set out on pages 40 to 51 of the Admission Document for the Placing and Admission to AIM by the Company, which is available on www.quizgroup.co.uk.

In summary these are: competition risk; fashion and customer demands risk; supply chain risk; the dependence on third party partners, the risk of disruption to IT systems or distribution networks; people risk and the protection of brand image and reputation.

3. Revenue

An analysis of revenue by geographical destination is as follows:

	Unaudited six months ended 30 September 2017 £000	Unaudited six months ended 30 September 2016 £000	Unaudited year ended 31 March 2017 £000
United Kingdom	44,984	32,063	68,063
Overseas	11,163	9,457	21,704
	56,147	41,520	89,767

4. Non-recurring administrative costs

Non-recurring administrative costs in the six months ended 30 September 2017 of £1.0m related to Placing and Admission to AIM by the Company and the Group reorganisation undertaken in preparation of this process.

There were no non-recurring costs in the year ended 31 March 2017.

5. Expenses by nature

	Unaudited six months ended 30 September 2017 £000	Unaudited six months ended 30 September 2016 £000	Unaudited year ended 31 March 2017 £000
Employment costs	9,449	7,635	15,601
Depreciation	1,296	944	2,046
Amortisation	42	39	78
Operating lease payments	2,923	2,656	5,346
Non-recurring administrative costs	1,002	-	-
Share based payment charges	150	-	-
Other expense	6,947	5,041	11,456
Administrative costs	<u>21,809</u>	<u>16,315</u>	<u>34,527</u>

6. Income Tax Expense

The Group's full year forecast effective tax rate in respect of continuing operations for the six months ended 30 September 2017 is 20.6% (six months ended 30 September 2016 and year ended 31 March 2017: 18.4%). This effective tax rate is higher than the UK corporation tax rate for HI 2018 of 19.0% due to permanent differences arising from costs incurred with the Placing and Admission to AIM by the Company.

7. Dividends

No dividend is payable for HI 2018 (six months ended 30 September 2016 – £Nil, year ended 31 March 2017 - £14,000).

8. Earnings per share

	Unaudited six months ended 30 September 2017 £000	Unaudited six months ended 30 September 2016 £000	Unaudited year ended 31 March 2017 £000
Number of shares:	No.	No.	No.
Weighted number of ordinary shares outstanding	124,230,905	124,230,905	124,230,905
Effect of dilutive options	200,179	200,179	200,179
Weighted number of ordinary shares outstanding- diluted	124,431,084	124,431,084	124,431,084
Earnings:	£000	£000	£000
Profit for HI 2018 – basic and diluted	2,921	3,006	6,617
Profit for HI 2018 – adjusted	4,073	3,006	6,617
Earnings per share:	Pence	Pence	Pence
Basic earnings per share	2.35	2.42	5.33
Adjusted earnings per share	3.28	2.42	5.33
Diluted earnings per share	2.35	2.42	5.32
Adjusted diluted earnings per share	3.27	2.42	5.32

The adjusted profit after tax for HI 2018 and adjusted earnings per share are shown before non-recurring costs (net of tax) of £1.0m (six months ended 30 September 2016 and year ended 31 March 2017: £Nil) and share based payment charges of £0.1m (six months ended 30 September 2016 and year ended 31 March 2017: £Nil). The directors believe that the adjusted profit after tax and the adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The adjusted profit after tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

9. Property, Plant and Equipment and Intangibles

During HI 2018 the Group made additions of £2.6m (HI 2017 £1.9m) and disposals of £Nil (HI 2017 £Nil).

10. Trade and other receivables

	Unaudited as at 30 September 2017 £000	Unaudited as at 30 September 2016 £000	Unaudited as at 31 March 2017 £000
Trade receivables	6,172	5,022	6,531
Other receivables	615	457	590
Prepayments and accrued income	3,518	2,853	2,330
Amounts owed by related parties	26	1,199	1,282
	<u>10,331</u>	<u>9,531</u>	<u>10,733</u>

11. Trade and other payables

	Unaudited as at 30 September 2017 £000	Unaudited as at 30 September 2016 £000	Unaudited as at 31 March 2017 £000
Trade payables	5,324	5,380	5,585
Corporation tax	2,154	1,598	1,426
Other taxes and social security costs	1,213	900	502
Accruals	5,003	3,804	3,139
Deferred income	214	278	177
Other creditors	254	214	294
Amounts due to related parties	45	-	50
	<u>14,207</u>	<u>12,174</u>	<u>11,173</u>

12. 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 2017 £000	Unaudited as at 30 September 2016 £000	Unaudited as at 31 March 2017 £000
Category of Financial Instruments			
Carrying value of financial assets:			
Cash and cash equivalents	11,907	3,047	2,059
Trade and other receivables	6,813	6,678	8,403
Total financial assets	<u>18,720</u>	<u>9,995</u>	<u>10,462</u>
Carrying value of financial liabilities:			
Trade and other payable	(10,626)	(9,398)	(9,068)
Bank and other borrowings	(489)	(4,995)	(4,067)
Total financial liabilities	<u>(11,115)</u>	<u>(14,393)</u>	<u>(13,135)</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.

13. Share Capital

On 28 July 2017 the Company was admitted to trading on AIM. On this date the Company issued 6,583,851 ordinary shares of 0.3 pence each with a nominal value of £19,752 at 161 pence per share giving rise to share premium of £10,580,248.

Prior to this date the Company had issued 117,647,054 with a nominal value of £352,941 in relation to the incorporation of the Company and the purchase of its subsidiaries; Kast Retail Limited, Tarak International Limited and Shoar (Holdings) Limited.

As a result of these transactions the issued share capital at 30 September 2017 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693 which gave rise to share premium of £10.3m (net of expenses).

14. Cash and cash equivalents

	Unaudited as at 30 September 2017 £000	Unaudited as at 30 September 2016 £000	Unaudited as at 31 March 2017 £000
Cash	11,907	3,047	2,059
Bank overdraft	-	(2,691)	(2,543)
Balance at end of the period	11,907	356	(484)

15. Related party transactions

The Group considers its Executive and Non-Executive Directors as key management and therefore has a related party relationship with them.

Two directors, Tarak Ramzan and his son Sheraz Ramzan, and their relatives control 48.7% of the voting shares of the Company.

The Group transacts with the companies which Tarak and Sheraz Ramzan have an interest. The amounts of the transactions and balances due to and from the related parties during the year and at the year-end are:

	Sales to			Purchased from		
	Unaudited six months ended 30 September 2017 £000	Unaudited six months ended 30 September 2016 £000	Unaudited year ended 31 March 2017 £000	Unaudited six months ended 30 September 2017 £000	Unaudited six months ended 30 September 2016 £000	Unaudited year ended 31 March 2017 £000
Tarak Manufacturing Limited	-	-	-	79	70	112
Big Blue Concepts Limited	-	-	-	72	60	120
	Balance owed to			Balance due from		
	Unaudited as at 30 September 2017 £000	Unaudited as at 30 September 2016 £000	Unaudited as at 31 March 2017 £000	Unaudited as at 30 September 2017 £000	Unaudited as at 30 September 2016 £000	Unaudited as at 31 March 2017 £000
Tarak Manufacturing Limited	45	-	54	26	60	143
Koast Investments Limited	-	-	-	-	774	774
Big Blue Concepts Limited	-	-	-	-	364	364