

# QUIZ



QUIZ PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018





FY 2018 was a transformational year for QUIZ.

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## ADMISSION TO AIM

The Company's successful Admission to the AIM market of the London Stock Exchange in July 2017 has enabled the brand to capitalise on a number of clear and exciting growth opportunities in the UK and internationally across our omni-channel business model.

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## EXPANDED OUR BUSINESS

During the year, we have significantly increased our online presence and global reach, diversified our product ranges to include Bridal, Curve and QUIZMAN.com, and strengthened the QUIZ team with world-class talent.

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With our unwavering focus on providing fantastic occasion wear and dressy casual wear at value-for-money prices, QUIZ has a very exciting position in the fast-growing fast-fashion market.

*Cover image is from our Miami Reign collection launched April 2018.*

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# 2018 highlights

## OPERATIONAL HIGHLIGHTS

- Active<sup>1</sup> online customer base increased 87% to 370,000 (FY 2017: 198,000)
- Continued investment in online with new Android and iOS apps launched during the second half of FY 2018
- First international online partnership with Zalando launched early in FY 2018
- Local language website launched in Spain during the second half of FY 2018 alongside the opening of three Spanish standalone stores, QUIZ's first outside the UK and the Republic of Ireland
- First direct USA sales through department store outlets with a USA-focused website launched at the end of FY 2018
- Continued UK expansion with five new stores and six concessions opened with existing UK partners
- During the year, QUIZ extended the space utilised in its distribution centre by 40% to 232,000 sq. ft. at a cost of £0.8 million

Note: The basis of preparation of the consolidated financial statements for the current and previous year is set out in the Financial Review on page 26.

1. An active customer is a customer registered on our database who has transacted in the last 12 months.
2. Underlying EBITDA and profit before tax: excludes 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 on pages 26 to 29.
3. 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.
4. Capital expenditure comprises spend on intangible assets and property, plant and equipment.
5. 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.





## FINANCIAL HIGHLIGHTS

### GROUP REVENUE

**£116.4m** +30%

18	116.4
17	89.8

### UNDERLYING EBITDA<sup>2</sup>

**£12.7m** +24%

18	12.7
17	10.3

### EBITDA

**£11.5m** +12%

18	11.5
17	10.3

### UNDERLYING PROFIT BEFORE TAX<sup>2</sup>

**£9.8m** +20%

18	9.8
17	8.1

### UNDERLYING BASIC EPS<sup>3</sup>

**6.48p** +22%

18	6.48
17	5.33

### DIVIDEND PER SHARE

**0.80p**

18	0.80
17	-

### NET CASH/(BORROWINGS) AT PERIOD END

**£9.2m**

18	9.2
(2.0) 17	

### CAPITAL EXPENDITURE<sup>4</sup>

**£6.3m** +£2.8m

18	6.3
17	3.5

- Group revenue increased 30% year on year driven by strong growth across all channels:
  - Online revenue increased 158% to £30.6 million (FY 2017: £11.9 million)
  - Underlying International sales<sup>5</sup> increased 32% to £21.2 million (FY 2017: £16.0 million)
  - Revenue from UK Stores and concessions increased 12% to £64.6 million (FY 2017: £57.5 million)
- Underlying EBITDA<sup>2</sup> increased 24% year on year to £12.7 million (FY 2017: £10.3 million)
- Maiden dividend of 0.8 pence per share proposed in respect of second half of FY 2018
- Successful placing on AIM in July 2017 raised £10.3 million of new money for the business to help fund further expansion



## AT A GLANCE

We are an established omni-channel fast-fashion brand trading in over 300 outlets worldwide and specialising in glamorous occasion wear and dressy casual wear at value prices.

### OUR BRAND

Our USP of fast fashion and offering a more dressy and glamorous product sets us apart from our peers.

- We were founded in 1993 and now employ more than 1,400 people
- We primarily target 16 to 35-year-old fashion-forward females
- We are a destination brand for fashion-conscious women looking to dress for some of the most memorable occasions of their lives
- Our fast-fashion supply chain means we can respond quickly to changing styles and trends
- We market the QUIZ brand creatively and have substantially increased our social media following as a result
- We have seen the brand establish itself in different markets with the core QUIZ offering being complemented by country-specific product where appropriate

### OUR VISION

Our vision is to build a global brand and an omni-channel presence worldwide.



#### BRAND

We have an established and distinct brand proposition in an attractive growing market.



#### SUPPLY CHAIN

Our infrastructure and "test and repeat" fast-fashion supply chain are proven.



#### RAPID GROWTH

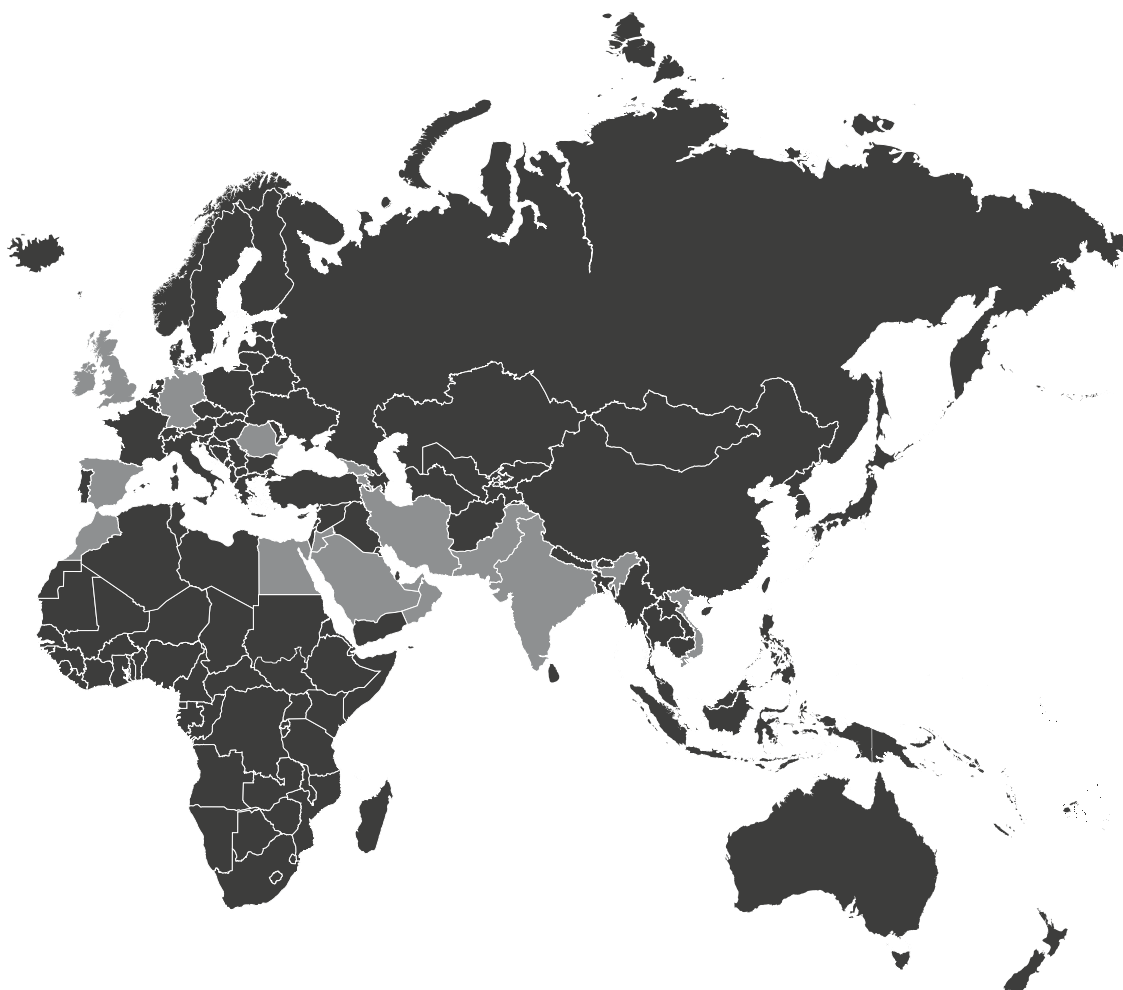
We are rapidly growing, both online and internationally.



#### CLEAR STRATEGY

We have a clear strategy for continued expansion.





### OUR EXISTING GLOBAL PRESENCE

Our flexible business model allows us to adopt the most appropriate approach in each market.

#### UK

- 71 standalone stores
- 147 concessions
- Own website
- 5 online partners

#### EUROPE

- 7 standalone stores in Ireland
- 20 concessions in Ireland
- 3 standalone stores in Spain
- Zalando online partnership selling into Germany

#### AMEA

- 78 points of sale through franchise stores and wholesale partners
- Operate in 20 countries
- Localised website in Spain

#### FUTURE DEVELOPMENTS

- Explore USA potential through wholesale partner and QUIZ localised website
- Multi-channel expansion in the Middle East
- Establish the QUIZ brand in Spain



# Fast-fashion supply chain



# 1



## STYLES AND TRENDS IDENTIFIED AND DEVELOPED

In-house product buying and merchandising teams work closely together to monitor emerging trends and identify and develop new trends inspired by the latest fashion catwalks and changing celebrity styles.

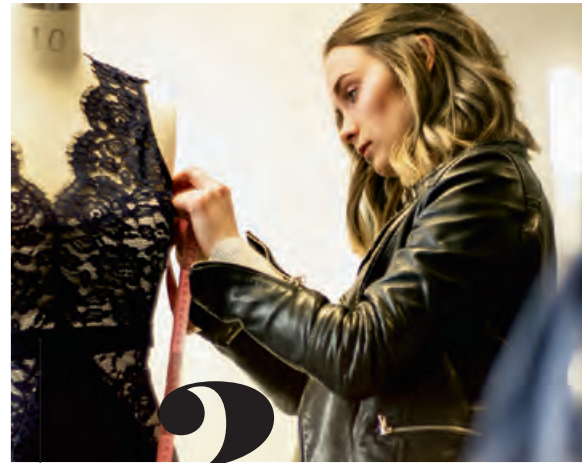


# 2



## FABRIC SOURCING AND SAMPLING PROCESS

Samples are transported by air to the design and product teams to increase efficiency during the product development phase; to allow the design and product process to be finalised promptly. This process normally takes between one and five days.



# 3



## PRODUCT MANUFACTURING

We work with 60 core domestic and international manufacturers to source clothes, shoes and accessories. It can take as little as seven to ten days in the UK and seven to 21 days in the Far East to manufacture the products.

# “Test and repeat”

## The business' "just-in-time" model ensures we are responding in real time to new trends as they emerge



### TRANSPORT PRODUCT TO QUIZ

Transportation can take one to two days from the UK, up to five days from the Far East by air and up to 21 days from the Far East by sea.



### DC ALLOCATES PRODUCTS TO STORES AND ONLINE

The DC has the capability of being able to distribute items to stores each day and fulfil online orders, with delivery times between one and two days.



### PRODUCTS AVAILABLE FOR SALE IN STORES AND ONLINE FOR NEXT DAY DELIVERY

New products and styles are made available online and delivered to store every day.



# Chairman's statement



## INTRODUCTION

In our first financial statements for the year as a public company it is my great pleasure to welcome our new shareholders to QUIZ.

FY 2018 was a transformational year for the business, which included the Company's successful Admission to the AIM market of the London Stock Exchange in July 2017. We were pleased with the enthusiasm and support shown during the initial public offering ("IPO"), which reflected investors' recognition of QUIZ's strong brand and exciting growth prospects.

From a personal perspective, I am delighted to have joined QUIZ at such an exciting and important stage in its development. Underpinned by its omni-channel model, QUIZ is a dynamic and truly fast-fashion business with clear growth opportunities both in the UK and internationally. The business is led by a committed, talented and very ambitious management team and I am very confident that the Company will achieve its goal of becoming a leading global fast-fashion brand.

## FINANCIAL RESULTS AND DIVIDEND\*

QUIZ delivered a strong financial performance during FY 2018 with Group revenue increasing by 30% to £116.4 million (FY 2017: £89.8 million). This was driven by continued growth across each of our distribution channels, most notably Online. Online revenue year-on-year growth of 158% was underpinned by a very good performance on our own websites as well as exceptional demand for the brand across third-party websites.

Underlying operating profit increased 20% to £9.8 million (FY 2017: £8.1 million) and underlying EBITDA increased 24% to £12.7 million (FY 2017: £10.3 million).

When the costs of the IPO transaction and the Group restructuring undertaken prior to the IPO (£1.0 million) and the impact of share-based payments (£0.2 million) ("non-underlying costs") are deducted, operating profits were £8.6 million (FY 2017: £8.1 million) and EBITDA was £11.5 million (FY 2017: £10.3 million).

As a result, underlying profit before tax ("PBT") increased 20% to £9.8 million (FY 2017: £8.1 million) and underlying earnings per share rose 22% to 6.48 pence (FY 2017: 5.33 pence). Earnings per share reflecting the non-underlying costs noted above was 5.49 pence (FY 2017: 5.33 pence).

The Board intends to pursue a progressive dividend policy as outlined in its IPO Admission Document, with dividends being paid in two tranches, with one third in respect of the first half of the financial year and two thirds in respect of the second half. Further to the completion of the financial year, a dividend of 0.8 pence per share is proposed in respect of the second half of FY 2018. Subject to approval at the AGM, this first dividend is expected to be paid on or around 14 September 2018.

## OUR TEAM

QUIZ has a talented and dynamic team whose skill, passion and commitment are central to the Group's continued growth and success. I would like to take this opportunity to thank all my colleagues for their commitment throughout this transformational year for the business.

## OUTLOOK AND CURRENT TRADING

QUIZ is a distinctive fast-fashion brand with a growing customer base and flexible omni-channel model. We have invested in the business to continue to drive growth across each of the brand's distribution channels. These attributes give us every confidence of successfully delivering the Board's strategy for growing QUIZ in the UK and internationally.



The Group's flexible omni-channel model allows management to focus on the areas where QUIZ can generate the highest growth. The Group will continue to increase its investment in areas generating strong returns, most notably across its online platforms.

As has been reported in the media, UK retail sector footfall softened in April and this impacted the performance of our UK Stores and concessions sales channel during the month, while our Online and International business continued to perform well. Since then we have been encouraged by a strong recovery in UK store and concession sales.

With our attractive customer offer, well-invested infrastructure and omni-channel business model with the flexibility to increase investment in higher return areas, we are well positioned to deliver strong growth in the year ahead in line with the Board's expectations.

**PETER COWGILL** CHAIRMAN

5 June 2018



OUR CUSTOMERS

## DISTINCT BRAND PROPOSITION IN AN ATTRACTIVE GROWING MARKET

The most important part of our success is our customer. We are focused on delivering a seamless customer shopping experience in store or online and making sure that our high standards of quality, value for money and service are always met.

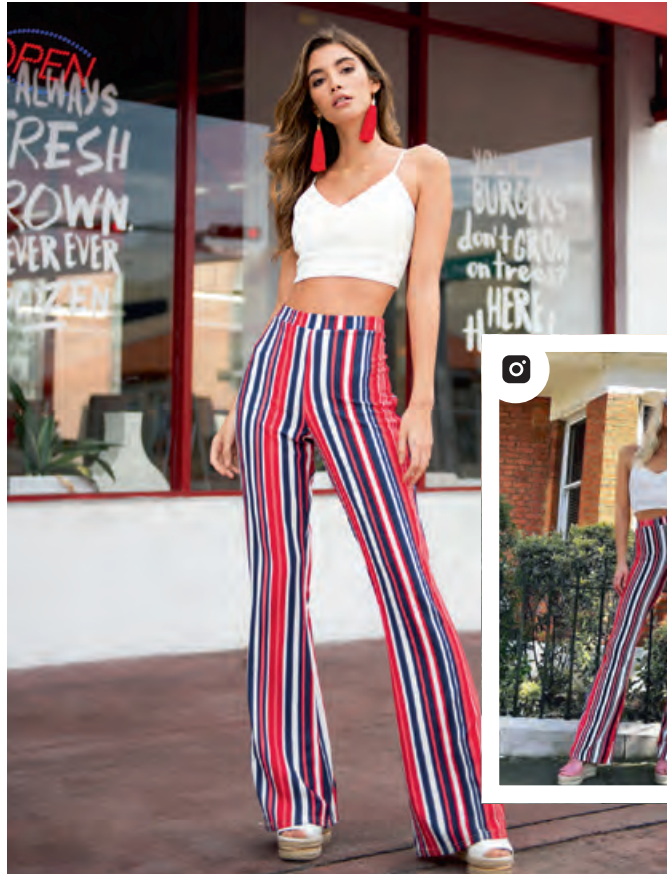
The QUIZ core customer is not defined by their age or style; rather, we aim to be exciting and innovative and offer fashion-conscious men and women the styles, footwear and accessories that they want, when they want. Whilst most QUIZ customers are between 16 and 35 years old, many extend outside this age range and what they all have in common is a thirst for the latest occasion wear and dressy casual wear fashions at great value.

We are the destination brand for fashion-conscious women looking to dress for some of the most memorable occasions of their lives.

Our customers often engage with the brand and are influenced by social media. Social media and influencer campaigns are key to building brand awareness and customer loyalty and engagement.



As seen on Instagram,  
consumers wearing QUIZ.



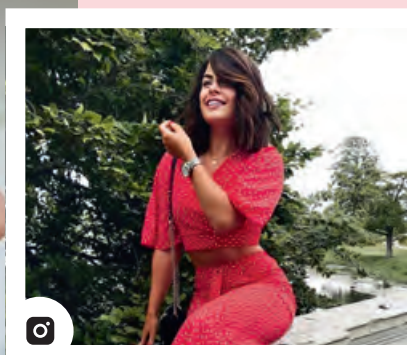
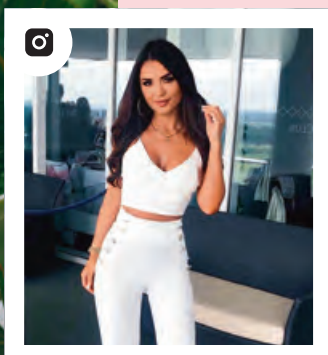
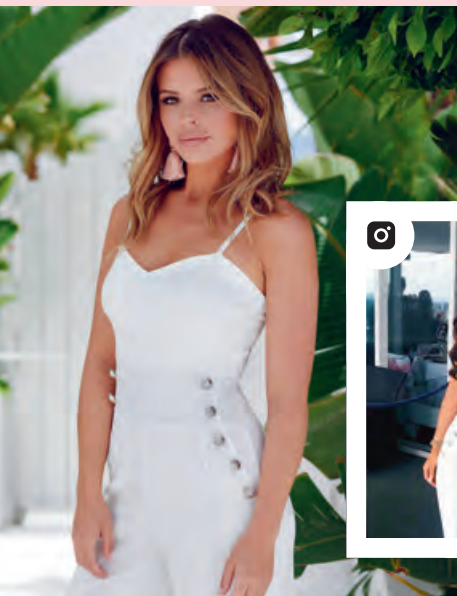
## OUR CUSTOMER LIFECYLE

### AWARENESS

- Celebrity collaborations
- Organic and paid social
- Influencer marketing
- SEO
- Social
- Advertising
- PR
- Paid search – prospecting
- Brand partnership
- Stores
- Third-party marketing

### ACQUISITION

- B2C events
- Affiliate marketing
- E-mail marketing
- Competitions – in store, online and social
- SMS campaigns
- App
- In-store data capture
- In-store magazine

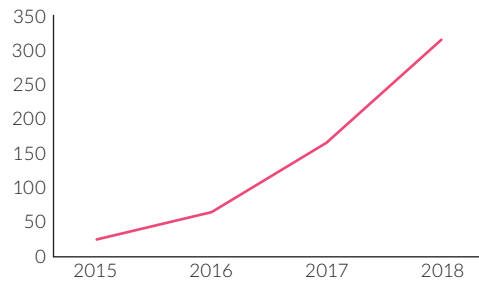


## GROWTH OF THE QUIZ BRAND

Active customers defined as customers who have purchased in the last 12 months.

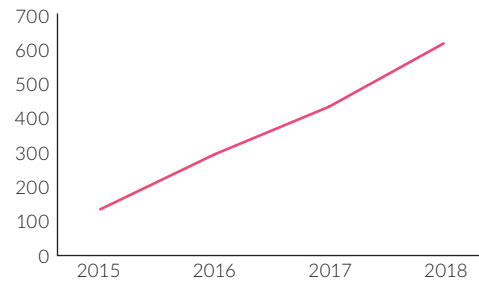
### INSTAGRAM FOLLOWERS (000)

**+100% year on year**



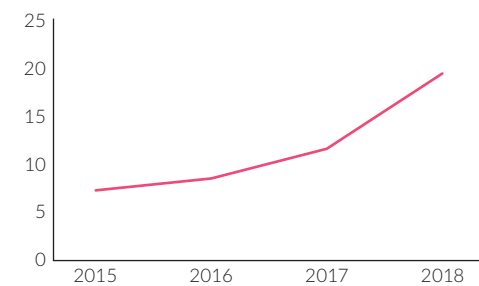
### FACEBOOK LIKES (000)

**+43% year on year**



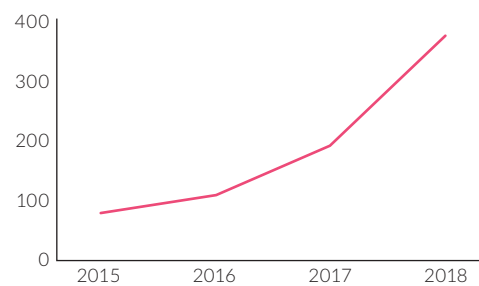
### TRAFFIC (millions)

**+68% year on year**



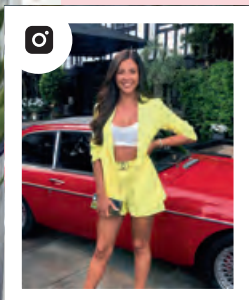
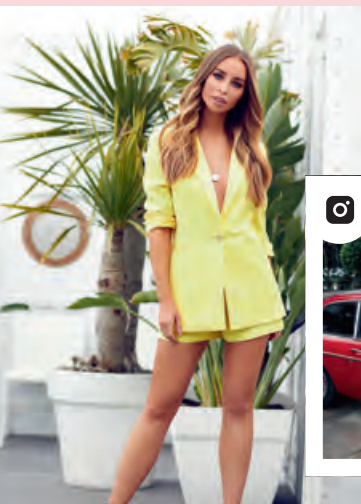
### ONLINE ACTIVE CUSTOMERS (000)

**+87% year on year**



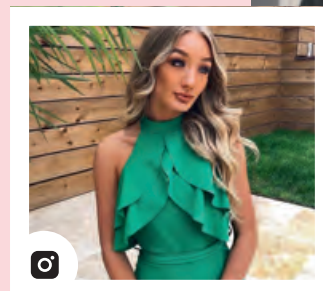
### ONBOARDING

- Welcome e-mails
- Abandoned basket campaigns
- Paid search – retargeting
- Social media



### ENGAGEMENT

- E-mail marketing
- Social media
  - Influencer content
  - Ads
  - Stories
- Transactional e-mails
- Abandoned browse campaigns
- Re-engagement e-mails
- Delivery notes
- Landing pages
- Digital lookbooks
- Video content
- Push notifications
- Blogs
- VIP events
- E-mail receipts



### ADVOCACY

- Product reviews
- #QUIZQUEEN
- Trustpilot
- Loyalty schemes





# Chief Executive's strategic report



I am pleased to present the Group's first Strategic Report to shareholders following the Group's successful IPO in July 2017.

This is a very exciting time for the QUIZ brand as we continue to expand across our omni-channel model both in the UK and internationally

whilst ensuring that our focus remains as strong as ever on delivering great products at outstanding value, thereby delighting our customers and providing compelling reasons to shop with QUIZ.

The Board's ambition is to develop QUIZ into a leading global fast-fashion brand. 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 on its omni-channel growth opportunities and achieve its hugely exciting global potential.

## PRODUCT AND BRAND USP

QUIZ is a distinctive fast-fashion brand which has developed a specialisation in occasion wear and dressy casual wear for women. QUIZ's core business continues to deliver a distinct proposition that empowers fashion-forward females to stand out from the crowd.

The QUIZ brand has appeal across a broad age range and offers clothing, footwear and accessories, including bags and jewellery, all of which follow the latest catwalk

and fashion trends. QUIZ introduces new products each week as trends emerge throughout the season and then rapidly reacts to customer demand.

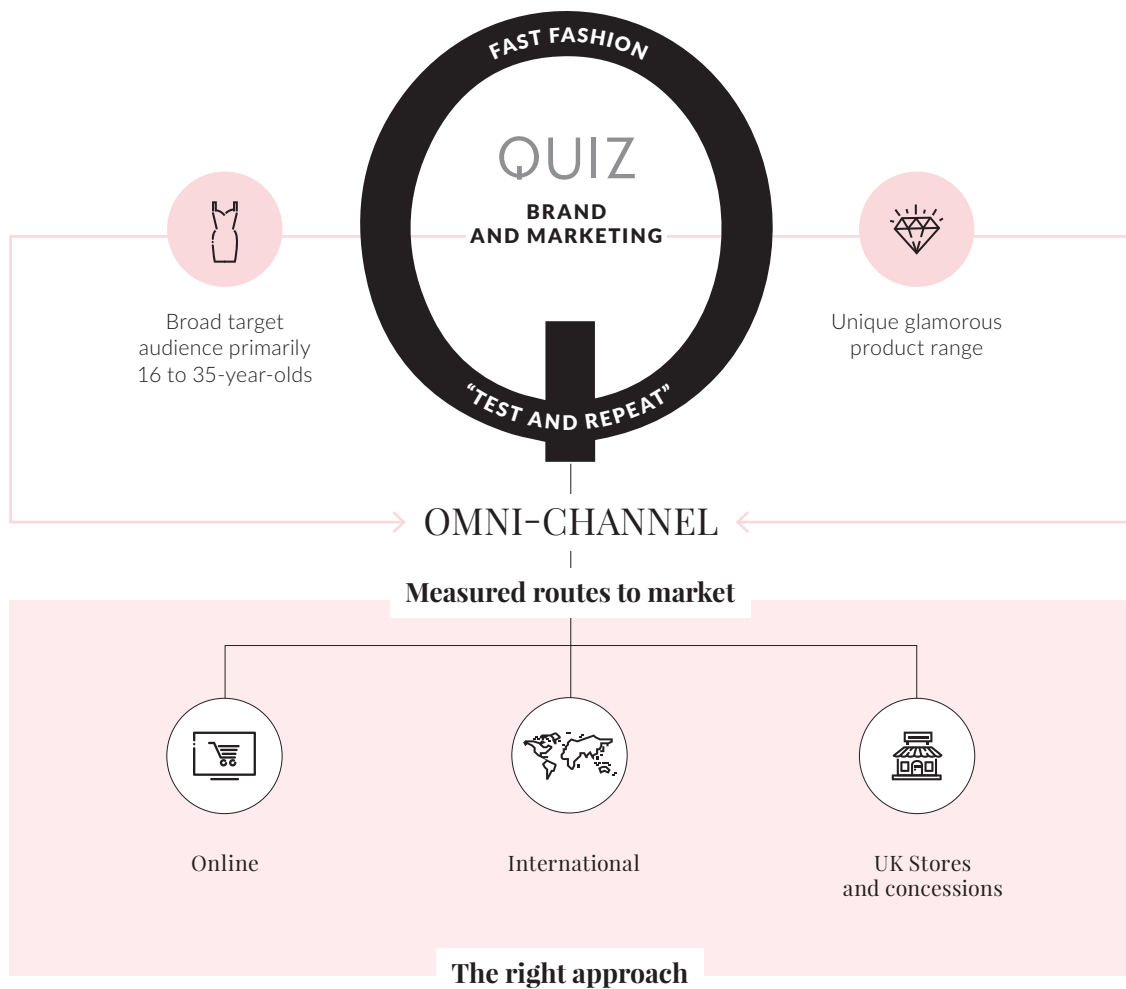
We were very pleased that the strength of the QUIZ brand was recognised at the 2018 Drapers Digital Festival, where QUIZ was named "Best Multichannel Retailer (turnover £25 million-£200 million)" and was praised by Drapers' expert judging panel. This recognition from one of the fashion industry's leading voices is a great endorsement of the strength of our brand. During the period, we were also shortlisted for Retail Week Awards' "Best Retailer under £250 million" and "Large Exporter of the Year" at the Scottish Export Awards.

## BUSINESS MODEL

QUIZ's buying, design and merchandising teams work closely together and routinely monitor emerging trends each season. Together, they constantly develop QUIZ's own product lines ensuring that the Company delivers the latest glamorous looks at value-for-money prices. As a result of this reactive model and the Company's flexible and fast supply chain, QUIZ is able to adapt quickly to new trends and can usually have its products in its stores, concessions and online within two to four weeks from the point of order. Focusing on very short lead times, QUIZ's "test and repeat" supply chain is able to introduce new products within weeks of identifying trends, and to promptly reorder successful lines to meet customer demands.

The Group operates a truly omni-channel business model distributing products through ecommerce, stores, concessions, wholesale and franchise agreements.

## OUR OMNI-CHANNEL FAST-FASHION OFFERING



### OUR INTEGRITY

We pride ourselves on being a responsible company whether in our supplier relationships or in our engagement with employees and the wider community.

### OUR SYSTEMS AND INFRASTRUCTURE

We can efficiently service our customers and have a solid platform for substantial future growth.

### OUR PEOPLE

With our experienced employees and the continual inflow of fresh talent we can adapt to changing trends and demands across all our routes to market.

### OUR VALUES

Our focus on giving customers what they want when they want it at great value is complemented by all stakeholders in the process being treated equitably.

## CHIEF EXECUTIVE'S STRATEGIC REPORT CONTINUED

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### GROWTH STRATEGY

The Group has a clear growth strategy 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 marketing, infrastructure and our first-class team.

The three pillars of QUIZ's growth strategy are as follows:

### 1. ONLINE EXPANSION

**Accelerating the growth in our Online channel is the key priority for the Group.**

- In FY 2018, 26% of QUIZ's Group revenue was derived from Online activities and the Board believes that this can be grown further to at least 35% of total revenue in the medium term.
- The Online growth strategy includes developing the functionality and content of our own websites, improving our mobile applications, enhancing the service proposition for customers, launching further country-specific websites in targeted international markets and expanding the brand's online presence through successful partnerships with third parties.
- The Group will also extend the product offering online, with recent successful examples including the Curve, Bridal and QUIZMAN.com ranges, and celebrity collaborations.

26%

Online revenue

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### 2. INTERNATIONAL EXPANSION

**The Board believes that international expansion offers a significant opportunity for the QUIZ brand.**

- In FY 2018, 18% of QUIZ's Group revenue was derived from International sales. The Group plans to expand its existing international footprint which is currently in 78 locations in 20 countries on four continents.
- The Group's omni-channel operating model gives it a choice of multiple routes to international markets, including online, as well as standalone stores, concessions, and franchise and wholesale partners.

18%

International revenue

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### 3. UK STANDALONE STORE AND CONCESSION GROWTH

**A key part of our omni-channel model is our retail presence and there remains significant further growth potential for the brand in the UK through carefully targeted stores and concessions.**

- QUIZ currently operates 71 standalone stores in the UK and the Board believes that there is currently the potential for a further 40 to 50 stores across the country in the medium to long term. Each new standalone store must meet strict internal return-on-investment criteria and QUIZ carefully selects sites on that basis.
- The Group is also looking to open slightly bigger stores of approximately 2,500 to 3,500 sq. ft. to accommodate a broader product range.

56%

Stores and concessions revenue



## KEY PERFORMANCE INDICATORS ("KPIs")

## MEASURING OUR PERFORMANCE

QUIZ KPIs have been selected based on their link to the successful delivery of our strategy. Our strategic and financial KPIs are monitored by the Board on a regular basis.

FINANCIAL KPIs

UNDERLYING REVENUE<sup>1</sup>

**£116.4m** +36.4%

18	116.4
17	85.4

**Group revenue and, in addition, growth in each route to market:** Online, UK Stores and concessions and International revenue.

ADJUSTED EBITDA<sup>2</sup>

**10.9%** -50bps

18	10.9
17	11.4

**EBITDA margin:** how we are controlling profitability and operating costs across the business.

## GROSS MARGIN

**63.0%** +30bps

18	63.0
17	62.7

**Group gross margin:** maintaining overall product profitability whilst executing the Group's growth strategy.

UNDERLYING CASH FROM OPERATING ACTIVITIES<sup>3</sup>

**£8.3m** +£4.1m

18	8.3
17	4.2

**Cash from operating activities:** the conversion of profits into cash available to the business.

STRATEGIC KPIs

## ACTIVE ONLINE CUSTOMERS

**370,000** +87%

18	370,000
17	198,000

**Active online customers:** how we are growing the reach of the QUIZ brand.

## INTERNATIONAL OUTLETS SERVICED

**78** +18%

18	78
17	66

**International outlets serviced:** how we are extending the international footprint of the QUIZ brand.

## ONLINE SALES AS % OF TURNOVER

**26.3%** +99%

18	26.3
17	13.2

**Online sales as % of turnover:** how we are diversifying our revenues through growth in Online sales.

## UK RETAIL SPACE

**193,000 sq.ft.** +5%

18	193,000
17	185,000

**UK retail space:** how we are developing the UK retail estate.

1. Excludes non-recurring wholesale revenue in relation to Spain in the year ended 31 March 2017.

2. Excludes the costs of the IPO transaction and the Group restructuring undertaken prior to the IPO (£1.0 million) and the impact of share-based payments (£0.2 million) from FY 2018.

3. Excludes settlement of £1.3 million owed from related parties subsequent to the IPO.

## CHIEF EXECUTIVE'S STRATEGIC REPORT CONTINUED

### BUSINESS REVIEW

FY 2018 was a transformative year for the Group as the QUIZ brand continued to expand across its omni-channel business model, most notably Online, where we have excellent momentum.

Supporting the brand's growth is a highly effective marketing investment and a true fast-fashion DNA which runs through the business from our buying and merchandising teams to the supply chain. This is a real competitive advantage in an age where customers want to be able to buy the styles they want as new fashion trends emerge.

Consistent with our plans for growth outlined at the time of the Group's IPO, the strongest sales growth during the year was achieved in our Online and International businesses, where we continue to see very exciting opportunities for QUIZ.

### Online expansion

We are delighted with the exceptionally strong Online sales growth of 158% during FY 2018 which was ahead of the Board's initial expectations for the year. The Group's online growth was supported by increased awareness of the QUIZ brand, which drove increased traffic and improved conversion rates across the QUIZ website as well as 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.

Active online customers increased by 87% to 370,000 (FY 2017: 198,000) and website traffic increased 68% year on year.

We are continuing to invest in achieving our significant online potential including introducing iPads across our entire store estate and digital kiosks in selected stores during the first half of the year, allowing customers in store to access the entire product and size range. In addition, during the second half of the year we launched new Android and iOS apps, which improved integration with our social media and advertising campaigns and enhanced the shopping and brand experience for customers. We are pleased by the early impact that these launches have had on sales.

In May 2017, we announced a partnership with Zalando, QUIZ's first international online partner.

In September 2017, we launched a local language website in Spain to support our omni-channel growth plans in that market. We are encouraged with the performance so far and towards the end of the period increased marketing investment to drive website traffic and brand awareness. In addition, the Group launched a website in the USA at the end of the year.



*Miami Reign SS18 range - a collection of tropical cool, bright prints and statement stripes.*





### Taking the brand overseas – accelerating international growth

International consumers continue to respond positively to the QUIZ brand. Our International business continues to expand with our omni-channel model allowing a flexible approach dependent upon the market.

We believe the QUIZ brand has the potential to grow in a number of international markets and awareness of QUIZ internationally continued to strengthen during FY 2018. This resulted in a 32% increase in International revenue to £21.2 million (FY 2017: £16.0 million, excluding non-recurring wholesale revenue in relation to Spain in FY 2017).

We continued to expand in the Republic of Ireland with the opening of a new standalone store in Dublin, in October 2017, and a new concession earlier in the year. As a result, QUIZ now has seven stores and 20 concessions in the Republic of Ireland (FY 2017: six stores and 19 concessions).

In the first half of the year, the Group opened its first standalone stores outside the UK and Ireland with three stores in Madrid, Spain. These openings were supported by the launch of QUIZ's Spanish language website, mentioned above, and we are pleased with the steady progress made in this market in recent months.

In December 2017, QUIZ had a landmark moment when we made our first direct sales in the USA through a New York department store. Towards the end of the year, as mentioned previously, we launched a USA website. Sales have recently commenced to a number of stores and a third-party website on a wholesale basis.

## This was a transformative year for the Group as the QUIZ brand continued to expand



The initial positive response provides insights and encouragement with regards to the development of our own website.

The global growth potential for QUIZ was further demonstrated with new franchises in Dubai, UAE and Morocco, bringing the total number of international outlets to 78 points of sale at the year end (FY 2017: 66 points of sale).

We are pleased with the performance of our franchise operations in the Middle East against difficult market conditions and we are reviewing further expansion opportunities in this area.

We continue to review opportunities for further international expansion by expanding in our existing markets as well as extending into new regions.



**CHIEF EXECUTIVE'S STRATEGIC REPORT CONTINUED**

**BUSINESS REVIEW CONTINUED**

**Profitable UK store and concession development**

QUIZ's UK store and concession portfolio remains a very profitable and important part of the Group's omni-channel growth strategy. QUIZ currently operates 71 stores and 147 concessions in the UK.

Sales from UK Stores and concessions were up 12% during the year, demonstrating the quality of our store estate, the strength of our product range and the growing awareness and appeal of the QUIZ brand. As a fast-fashion business, we continually refresh in-store merchandising, thereby providing clear reasons for customers to visit our stores and shop with QUIZ.

During the year the Group opened five new standalone stores and six new concessions with existing UK partners. As part of the Group's active management of its retail portfolio, we closed two standalone stores and four concessions in the year. Total retail square footage increased by 5% to 193,000 sq. ft. during the year (FY 2017: 185,000 sq. ft.).

Each new standalone store must meet strict internal return-on-investment criteria and QUIZ carefully selects sites on that basis. For new stores the targeted payback period is 24 months and flexible five-year leases reduce exposure to upward rent reviews. For new concessions, the targeted payback period is 12 months.

In the year ahead, we will continue to appraise new store openings as we expand the reach of the QUIZ

brand and our omni-channel model. In April, post the year end, the Group opened a new flagship store in the Bluewater Shopping Centre. The store includes high level digital screens in the storefront windows showcasing the latest looks, as well as digital kiosks for customers to browse and order the entire collection whilst in store. The Bluewater store also offers a click and collect service on QUIZ's full product range, for shoppers to order online and collect the next day, demonstrating the strength and flexibility of our omni-channel model. We are pleased with the performance of the Bluewater store to date and we anticipate opening between five and seven new UK stores in the year ahead.

**Product extension**

The Group continues to extend its collection in order to offer our customers more of the products and latest looks that they want for any occasion. In April 2017, we launched our inaugural Bridal range online fronted by Love Island's Olivia Buckland. The first collections sold out, reflecting very strong customer demand and effective brand partnership.

Following the sell-out success of the debut Bridal collection, in January 2018 we launched a second range of statement dresses for fashion-conscious brides to be. The new collection caters to the glamorous bridal party with a selection of showstopping bridal gowns and beautiful bridesmaid dresses to compliment all shapes and styles. We remain very pleased with the sales progress so far.



**Following the sell-out success of the debut Bridal collection, in January 2018 we launched a second range of statement dresses for fashion-conscious brides to be**



# Bridal collection





CHIEF EXECUTIVE'S STRATEGIC REPORT CONTINUED

**BUSINESS REVIEW** CONTINUED

**Product extension** continued

Our Curve range was launched in April 2017. Available online, on the QUIZ website and through a number of third parties, this has proved popular with our customers with sales exceeding expectations in the year.

Post the year end, the Group launched QUIZMAN, the trial of a new online menswear product category. QUIZMAN.com, which is a standalone ecommerce site dedicated to fast-fashion menswear, will provide men with an array of the latest smart casual outfits for any occasion, whether that is a tailored blazer or classic chinos, smart tees or denim. The QUIZMAN USP is smart style for casual and dressy wear. We are pleased with the initial reaction to the collection and are excited by its potential.



*Our #QUIZQUEEN collection of plus size clothing is all about empowering women of all sizes. Each piece in our QUIZ Curve SS18 collection has been lovingly designed to hug your body in all the right places.*



# Curve collection



# QUIZMAN



**The QUIZMAN USP is smart style for casual and dressy wear. We are pleased with the initial reaction to the collection and are excited by its potential**



# Our influencers



NYC - Lord&Taylor QUIZ opening



Ibiza 2017



Ibiza 2017



**333k**

Instagram

One-year growth:  
+100%



TOWIE QUIZQUEENS



Gabby Allen party



@daneedgar - 508k followers



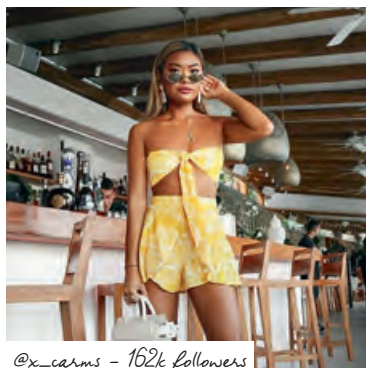
**620k**

Facebook

One-year growth:  
+43%



Marrakech 2017



@x-carms - 162k followers



@beyandall - 430k followers



**370k**

Active customers

One-year growth:  
+87%

# #QUIZQUEEN



**BUSINESS REVIEW CONTINUED****Marketing and brand development**

Underpinning the expansion of the QUIZ brand is our approach to targeted and returns-driven marketing investment, including celebrity collaborations, search engine optimisation, pay per click, social media campaigns, digital and above-the-line advertising and PR. During the year, total marketing investment increased 139% to £2.5 million (FY 2017: £1.0 million) supporting growth in footfall and awareness. The brand's social media engagement has increased significantly from the prior year with 100% and 43% increases in our Instagram and Facebook audiences respectively.

During the first half of the year, 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 advertising on the London Underground, where the Group also increased investment across the year.

Social influencers play an integral role in our marketing strategy from how we create content for social channels to how we engage online with customers. During the year, to coincide with celebrity collaborations and new product drops, we shot campaigns in locations such as Miami, Ibiza and Morocco which generated traffic online and increased awareness.

In May 2018, QUIZ was delighted to partner with The Only Way Is Essex ("TOWIE") to create its first male and female capsule collections in collaboration with TOWIE's Chloe Lewis, Lauren Pope and Dan Edgar. The partnership brings together TOWIE's signature glamour and QUIZ's stylish looks.

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



@lenalenaxx - 208k followers



**CHIEF EXECUTIVE'S STRATEGIC REPORT CONTINUED**

**BUSINESS REVIEW CONTINUED**

**Infrastructure**

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.

During the year, we extended the space utilised in our distribution centre by 40% to 232,000 sq. ft. at a cost of £0.8 million. This extension is primarily to ensure that we can meet the increasing 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.

We have continued to invest in our infrastructure in relation to IT and software developments. Spend across these areas amounted to £1.3 million during the year.

We have also undertaken work to refurbish and extend the amount of space at head office. The space being converted was used as a distribution centre prior to 2016. This extension will accommodate the enlarged marketing and newly created web development teams. The cost of this development during the period amounted to £0.4 million.

**Developing our first-class team**

We were delighted to strengthen our 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 and add to the existing skills of the Executive Management Team.

The Group has also made a number of senior appointments as we have increased investment in our future growth. These included a Head of Marketing and a Head of IT during the first half of the year. Post-year end, we appointed our first Ethical Compliance Manager. The new appointment comes as part of QUIZ's ambitious growth plans and the business' commitment to ensure that all products are sourced responsibly and produced in a safe working environment where workers' rights are respected.



**The Group's growth has been supported by our state-of-the-art distribution centre, and has provided a strong base for the business to grow revenues profitably**

## Our flexible omni-channel model allows QUIZ to focus on those areas where we can generate the highest growth



### FUTURE PROSPECTS

QUIZ is a distinctive fast-fashion brand with its core business selling great quality and value-for-money women's occasion wear and dressy casual wear that is relevant to a wide age group. We will continue to develop our products and collections to ensure that we further build our reputation as a leading fast-fashion brand with a compelling and unique proposition.

We are pleased with the performance of our new Bluewater store and will continue to expand our business where we can meet our strict investment criteria. We will continue to invest in our store estate, our distribution facility and our IT infrastructure. As a result, we would anticipate capital expenditure of approximately £4 million in the current year.

The trading environment is expected to remain challenging in the UK with much publicised and industry-wide pressures on consumer spending and costs. However, we have a clear strategy for growth underpinned by a strong brand, outstanding marketing capability, a well-invested infrastructure and a talented team.



Our flexible omni-channel model allows QUIZ to focus on those areas where we can generate the highest growth and the Group will continue to increase its investment, most notably online and internationally, where we are achieving outstanding growth.

With our operational momentum and an omni-channel business model, I am confident that QUIZ will continue to deliver strong growth on its journey to becoming a global leading fast-fashion brand.

**TARAK RAMZAN** CHIEF EXECUTIVE OFFICER  
5 June 2018



# Financial review



## BASIS OF PREPARATION

QUIZ plc was admitted to AIM on 28 July 2017 (the "IPO").

Given the Company was formed on 22 March 2017 and acquired its subsidiaries on 23 March and 5 April 2017, there are no consolidated statutory

comparative 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 basis consistent with the Group being in existence through FY 2018 and FY 2017.

In addition, to provide comparability across reporting periods, the results within this Financial Review are presented on an "underlying" basis, adjusting for the £1.0 million cost of this year's IPO transaction and the Group restructuring undertaken prior to the IPO and the £0.2 million charge recorded for share-based payments. A reconciliation between underlying and reported results is provided at the end of this Financial Review.

## GROUP OVERVIEW

Group revenue of £116.4 million was 30% higher than the previous year's £89.8 million.

Underlying operating profits increased 20% to £9.8 million (FY 2017: £8.1 million). Including the non-underlying costs operating profits were £8.6 million (FY 2017: £8.1 million).

The underlying EBITDA generated increased 24% to £12.7 million (FY 2017: £10.3 million), which represented an EBITDA margin of 10.9% (FY 2017: 11.4%). Including the non-underlying costs EBITDA was £11.5 million (FY 2017: £10.3 million).

Underlying Group profit before tax ("PBT") was £9.8 million (FY 2017: £8.1 million), an increase of 20% on the prior period. Profit before tax reflecting non-underlying costs was £8.5 million (FY 2017: £8.1 million).

Further to this the underlying earnings per share rose 22% to 6.48 pence (FY 2017: 5.33 pence). Earnings per share reflecting non-underlying costs was 5.49 pence (FY 2017: 5.33 pence).

Cash less borrowings at the period end amounted to £9.2 million (FY 2017: net borrowings of £2.0 million). This reflects the £10.3 million inflow further to the IPO in July 2017. Capital expenditure of £6.3 million was incurred during the year.

## REVENUE

Group revenue increased by 30% to £116.4 million from £89.8 million in FY 2017 driven by strong growth across all three of our strategic pillars as shown below:

	FY 2018	FY 2017	Year-on-year growth	Share of revenue FY 2018	Share of revenue FY 2017
Online	<b>£30.6m</b>	£11.9m	158%	<b>26.3%</b>	13.9%
International – underlying	<b>£21.2m</b>	£16.0m	32%		
International – non-recurring	–	£4.4m			
<b>International – total</b>	<b>£21.2m</b>	£20.4m	4%	<b>18.2%</b>	18.8%
UK Stores and concessions	<b>£64.6m</b>	£57.5m	12%	<b>55.5%</b>	67.3%
<b>Total</b>	<b>£116.4m</b>	£89.8m	30%		



**GROUP REVENUE****£116.4m** +30%**ONLINE REVENUE****£30.6m** +158%**UNDERLYING INTERNATIONAL  
REVENUE****£21.2m** +32%**UK STORES AND  
CONCESSIONS REVENUE****£64.6m** +12%**Online**

The 158% growth in Online revenues to £30.6 million has been achieved through strong growth on the QUIZ websites and through sales through third-party websites in the UK and international markets.

Sales through QUIZ's own websites increased by 102% in the year. This growth reflects the 87% uplift in the number of active customers at 31 March 2018 which totalled 370,000 (FY 2017: 198,000). Our increased marketing activity in the year has also helped drive website traffic up 68.3% year on year, primarily driven by mobile.

The stronger growth in sales through third-party websites reflects the impact of commencing sales on the Next website in October 2016 and through Zalando in Germany in May 2017.

International markets contributed £2.3 million to Online sales in the year (FY 2017: £1.3 million).

**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.

We have continued to see a positive response to the QUIZ brand across different markets with revenues increasing 32% (30% in constant currency) to £21.2 million (FY 2017: £16.0 million, excluding non-recurring wholesale revenue in relation to Spain). Of the £4.2 million uplift in sales £1.7 million was generated from our international franchise partners and the balance reflects increased revenues from our stores and concessions in Ireland and Spain.

**UK standalone Stores and concessions**

Sales in the Group's UK standalone Stores and concessions increased 12% to £64.6 million (FY 2017: £57.5 million) with each channel growing in line with expectations.

During the year five new stores and six new concessions were opened and two stores and four concessions were closed. Further to these changes total selling space across the stores and concessions increased by 5% from 193,000 sq. ft. to 185,000 sq. ft. over the period.

In addition to this increased selling space our increased marketing activity has helped increase traffic in store.

Further to this, sales growth in UK Stores and concessions was achieved in approximately equal parts from a strong like-for-like performance and through new store and concession openings.

**GROSS MARGIN**

Gross margin at 63.0% was 0.3% higher than the prior year. It was pleasing to deliver this increase in gross margin despite the cost pressures experienced in the year and the change in the revenue mix experienced during the year.

This improvement reflects the continued focus on efficient sourcing and ensuring that customers can obtain product at their preferred price through providing a wider range of products and prices.

## FINANCIAL REVIEW CONTINUED

### UNDERLYING OPERATING COSTS

Underlying operating costs increased by 32% in 2018 from £48.1 million to £63.5 million. These costs represented 52.1% of revenue (FY 2017: 51.2%).

Underlying administrative costs increased by 22% to £42.2 million (FY 2017: £34.5 million). Personnel costs have risen by £5.8 million or 37% to £21.4 million (FY 2017: £15.6 million) which reflects the increased resource to service the additional revenue as well as the continued investment in our central functions to support future growth. During the year we have expanded our buying, merchandising and marketing teams and strengthened our IT resources.

The increase in administrative costs also reflects the increase in marketing spend in the year to £2.5 million (FY 2017: £1.0 million). This spend is focused on digital and social marketing to generate new customers for all sales channels, as well as increasing shopping frequencies and basket sizes. This is complemented by offline advertising activity such as London Underground and bus campaigns.

Distribution costs increased 57% to £21.4 million (FY 2017: £13.6 million). 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 primarily reflects the higher commission costs incurred associated with a higher proportion of sales being made through third parties which have a higher cost to serve than sales generated through our own websites.

Depreciation and amortisation increased by 36% from £2.1 million to £2.9 million. This reflects the continued investment in the business including spend in our distribution centre in the current and previous year, continued spend on IT and software and the continued rollout of new stores.

### NON-UNDERLYING OPERATING COSTS

Non-underlying operating expenses totalled £1.2 million (FY 2017: £Nil). This included the £1.0 million cost of this year's IPO transaction and the Group restructuring undertaken prior to the IPO and the £0.2 million charge recorded for share-based payments.

### FINANCE COSTS

There are limited finance costs incurred by the Group. Interest costs are largely limited to the costs relating to the remaining term loans which were drawn down prior to the IPO to fund capital projects.

### TAXATION

The reported tax rate in the current year is 20.2% (FY 2017: 18.4%).

The Group's effective tax rate in future years is expected to be broadly in line with the statutory rate.

### EARNINGS PER SHARE

Basic earnings per share for 2018 was 5.49 pence per share (FY 2017: 5.33 pence).

The underlying basic earnings per share for 2018, which is calculated using the underlying profit before tax less tax at the effective statutory rate, was 6.48 pence (FY 2017: 5.33 pence).

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 to reflect the post-IPO capital structure. The pro forma basis assumes that the number of shares in issue post-IPO were in issue throughout the current and previous periods.



**The continued strong cash position provides a solid base to support our plans for future growth**

## DIVIDENDS

As set out in the Admission Document, the Board intends to pursue a progressive dividend policy whilst understanding the need to retain sufficient earnings for the future growth of the Group. Therefore, any dividend will be paid in two tranches of one third in respect of the first half of the Company's financial year and two thirds in respect of the second half of the Company's financial year.

Further to the completion of the financial year, a dividend of 0.8 pence per share is proposed. Subject to approval at the AGM, this first dividend is expected to be paid on or around 14 September 2018 to shareholders on the register at 17 August 2018.

## CASH FLOW AND CASH POSITION

Cash net of borrowings at the period end amounted to £9.2 million (FY 2017: net borrowings of £2.0 million), an improvement of £11.2 million which primarily reflects the £9.3 million inflow from new shares, net of expenses, issued as part of the IPO process.

Net cash flow from operating activities was £9.4 million (FY 2017: £4.4 million), an improvement of £5.0 million.

The primary improvement relates to the working capital where the outflow in the year equated to £2.2 million, which compares favourably to the £5.9 million outflow in the previous year.

Debtors reduced by £1.0 million in the year which reflects the settlement of £1.3 million of balances due

from connected companies further to the Group's IPO. Inventory increased by £5.4 million to £14.7 million which reflects the increased revenue in the business along with the higher level of stock being held by third-party websites and franchise customers.

We have continued to invest in the business with £0.9 million spent on intangible assets and £5.4 million on property, plant and equipment. The increase in intangible assets reflects £0.7 million of additions to computer software as we invest in our IT systems and websites and £0.2 million on establishing the QUIZ trademarks in different territories. The spend on property, plant and equipment includes £2.5 million on new stores in the UK and internationally, £1.0 million at our distribution facility and £0.4 million on extending the head office and the completion of an in-house photography studio.

Investment in computer equipment totalled £0.6 million, which included the rollout of iPads to store staff which has helped drive further online sales.

There were £1.2 million of borrowings repaid in 2018 (FY 2017: £1.8 million). This reflects the repayment of £0.6 million of loan balances to connected parties prior to the IPO and £0.6 million of repayments on term loans previously drawn down to fund capital expenditure.

The continued strong cash position provides a solid base to support our plans for future growth.

## RECONCILIATION OF UNDERLYING AND REPORTED IFRS RESULTS

In establishing the underlying operating profit, the costs adjusted include £1.0 million (FY 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 £0.2 million of costs related to share-based payments (FY 2017: £Nil).

A reconciliation between underlying and reported results is provided below:

	Year to 31 March 2018				Year to 31 March 2017
	Underlying £000	IPO costs £000	Share-based payment £000	Reported £000	Reported and underlying £000
Revenue	116,430	—	—	116,430	89,767
Gross profit	73,329	—	—	73,329	56,256
Other operating costs (net)	(63,532)	(1,037)	(188)	(64,757)	(22,726)
Operating profit	9,797	(1,037)	(188)	8,572	8,135
Finance costs (net)	(23)	—	—	(23)	(23)
Profit before tax	9,774	(1,037)	(188)	8,549	8,112
Operating profit	9,797	(1,037)	(188)	8,572	8,135
Depreciation and amortisation	2,892	—	—	2,892	2,124
EBITDA	12,689	(1,037)	(188)	11,464	10,259

GERARD SWEENEY CHIEF FINANCIAL OFFICER

5 June 2018



**PRINCIPAL RISKS AND UNCERTAINTIES**

## SET OUT BELOW ARE THE PRINCIPAL RISKS AND UNCERTAINTIES THAT THE DIRECTORS CONSIDER COULD IMPACT THE BUSINESS

The Board regularly reviews the potential risks facing the Group and the controls in place to mitigate any potential adverse impacts. The Board also recognises that the nature and scope of risks can change and that there may be other risks to which the Group is exposed and so the list is not intended to be exhaustive.

Risk and impact	Mitigation
<b>BRAND AND REPUTATIONAL RISK</b> The Group's performance is influenced by the image, perception and recognition of the QUIZ brand. Failure to ensure that the brand continues to be innovative, relevant and respected would impact the business. Not only could our brand be undermined or damaged by our actions but also by those of our franchise partners or issues connected with product sourcing.	We carefully monitor the brand and its reputation with feedback closely monitored with particular reference made to feedback provided through social media channels. New partners are carefully vetted prior to engaging with the business and our contractual arrangements help protect the brand's reputation. Increasing supplier engagement with regards to ethical trading will ensure that we are aware of and address issues in this area.
<b>DEVELOPMENT OF OVERSEAS MARKETS</b> Failure to identify and maximise opportunities for international growth either through our franchise operations or ecommerce could have an adverse impact. Failure to identify appropriate franchise partners or failure to support these markets with systems and supply chain capability could result in not establishing the brand effectively in new markets. The failure of a franchise partner could impact the business through lost revenue and the failure to recover balances owed.	We perform extensive due diligence on all potential partners and territories and to assess our appropriate routes to market. We are progressively operating in a range of international markets, which helps to mitigate over-reliance and exposure to any one territory. Our team of experienced buyers, merchandisers and designers allows for products to be tailored for each market as appropriate. Zonal pricing is adopted which allows the business to be competitive in each key market according to its circumstances. The credit risk associated with franchise partners is addressed through the provision of standby letters of credit.
<b>FASHION AND DESIGN</b> As with all fashion brands there is a risk that our offer will not satisfy the needs of our customers or we fail to correctly identify trends. If new product ranges or styles fail to meet sales expectations, lower sales and market share could occur.	The QUIZ business model is based upon being reactive to customer demand with a "test and repeat" supply model that is able to introduce new products within weeks of identifying trends, and to reorder successful lines quickly. We have an experienced team of buyers, merchandisers and designers which closely follows changes in the market and has a close understanding of consumer trends and fashion to ensure that we remain able to respond to changes in consumer preference. We have also invested in modern systems which provide detailed information on how consumers are responding to products which allows us to react accordingly.

Risk and impact	Mitigation
<p><b>CHANGING ECONOMIC ENVIRONMENT</b> Broad changes to consumer expenditure or a deterioration in the economy could materially and adversely affect the Group's financial condition, operations and business prospects. In the UK the expected exit from the EU has increased the likelihood and potential impact of this risk.</p>	<p>In the short term the brand's focus on providing a quality and value-for-money product ensures that consumers will look to QUIZ in the event of reduced overall expenditure. In the longer term the flexible business model, such as stores having short lease terms, provides the ability to direct resources to where is most relevant for the QUIZ customer.</p>
<p><b>PRODUCT SOURCING</b> We source product from a wide range of suppliers including a significant proportion from overseas. Failure to carry out sufficient due diligence on our suppliers, and to act in the event of any negative findings, especially in relation to ethical or quality-related issues, could adversely impact our brand and reputation.</p>	<p>Historically the business required suppliers to self-certify their compliance with laws and regulations and generally accepted standards of good practice. In addition, long-standing arrangements provided an insight and access to suppliers to informally assess their working conditions. In the last year an Ethical Compliance Manager has been appointed and a more formal independent due diligence process is being implemented. This process includes an application to join the Ethical Trade Initiative and vetting suppliers before they are engaged and introduces steps to ensure transparency of where products are produced and under what conditions. The Group is progressively rolling out a programme of ethical audits across the product supply base supported by a third-party agency. The wide range of suppliers reduces any dependency on any one producer minimising the impact of any need to terminate arrangements.</p>
<p><b>LOSS OF KEY TRADING PARTNER</b> There is a high dependency on a small number of third-party partners in relation to online, franchise and concession revenues. The loss of one of these partners would impact upon the business.</p>	<p>Trading relationships with all our partners are monitored on a regular basis to ensure they are profitable for both parties. We have regular contact with our key partners to ensure our relationships continue to evolve. The continued growth and diversification of the business reduces the existing dependency and allows for new partners to be identified. Credit risk is managed through the use of a standby letter of credit for international customers.</p>
<p><b>PHYSICAL INFRASTRUCTURE</b> Damage to or the loss of our distribution facility could have a material impact upon the business and its ability to effectively service our customers. Similar impact at head office could impact the ability of the business to operate effectively.</p>	<p>Preventative measures are taken to minimise the risk associated with damage to or the loss of our distribution facility or head office. Business continuity of the head office functions would be preserved through working from an alternative facility. In addition, the Group maintains insurance cover at an appropriate level to protect against the impact of such an interruption.</p>
<p><b>IT INFRASTRUCTURE AND CYBER SECURITY</b> The Group's IT infrastructure is key to the operation of its business. Non-availability of the Group's IT systems, including the website, for a prolonged period or malicious attacks, data breaches or viruses could result in business disruption, loss of sales and reputational damage.</p>	<p>Arrangements are in place with regards to key systems to allow for issues to be promptly addressed. For prolonged issues disaster recovery procedures minimise the risk of lost information. Access to systems is restricted to minimise the possibility of malicious attacks, data breaches or viruses. A regular assessment of vulnerability to malicious attacks is performed and any weaknesses rectified. The storage of personal data is tightly controlled in line with data protection guidelines and PCI requirements and to ensure compliance with GDPR. Employees are made aware of the Group's IT security policies and we deploy a suite of tools to protect against such events.</p>

**PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED**

Risk and impact	Mitigation
<b>INFRASTRUCTURE FOR ECOMMERCE SALES</b> The business has rapidly grown its online sales and this is a key pillar for future growth. Failure to continue to develop personnel, systems and the product offering in this area could impact upon the existing business and the potential for growth.	The team associated with ecommerce sales has grown with the increase in sales and we regularly identify what resource will be required to facilitate future growth. A budget is allocated to provide for capital investment in software and other initiatives to ensure the infrastructure supports future growth.
<b>PEOPLE</b> Our success to date has been linked to the performance of our people, particularly in relation to key individuals. The failure to develop the capability and capacity of our people would impact upon the future development of the business.	We look to ensure that key individuals are retained through long-term incentive schemes and by providing competitive remuneration. We have developed each team within the business by appropriate recruitment and by looking to provide a structure that allows for future development.
<b>LOSS OF KEY STAFF</b> The existing management team has contributed significantly to our growth and performance. The loss of a key individual could have a detrimental effect on our business.	The existing shareholdings of a number of the key management provide a clear incentive to contribute to the long-term development of the business. Other members of the management team are attracted and retained through share-based awards and performance-related pay. In addition, a team-based approach is adopted across the business which reduces dependence and contributes to succession planning.
<b>REGULATORY AND LEGAL FRAMEWORK</b> We operate in a range of international markets and must comply with various regulatory requirements. Failure to do so could lead to financial penalties and/or reputational damage.	The Group closely monitors changes in the legal and regulatory framework within the markets in which it operates. We work closely with advisers in each market to ensure compliance with local laws and regulations.
<b>FOREIGN EXCHANGE</b> The Group is exposed to fluctuations in the exchange rates of key currencies.	The Group has adopted a hedging policy to mitigate short-term foreign exchange risk. We currently seek to hedge a material proportion of forecasted currency requirements ahead through the use of forward contracts.



Q112 x TOWIE - our first ever male and female campaign, featuring exclusive edits with Lauren Pope, Chloe Lewis and Dan Edgar.





**SOCIAL RESPONSIBILITY**

## AT QUIZ, WE PRIDE OURSELVES ON ACTING AS A RESPONSIBLE COMPANY IN EVERYTHING THAT WE DO

### **SOCIAL RESPONSIBILITY**

Our social responsibilities are focused on two key strands: our supply chain – partnering with our suppliers to create distinctive products made with care, consideration and respect; and creating and nurturing an exciting environment for both our employees and the local communities in which we reside.

We call these strands Fast Fashion with Integrity and Our QUIZ Community.

Building long-term relationships with our suppliers has created a sustainable supply for our fast-fashion model to grow. This year, QUIZ invested further in developing these relations with the introduction of an ethical compliance department to ensure that these responsibilities are reflected throughout the global supply chain.

### **FAST FASHION WITH INTEGRITY**

As a fast-growing brand, we are aware of the sensitivities of sourcing responsibly and the challenges posed by having a global supply chain focused on fast fashion. Our customers expect the latest looks from us, but with this comes a duty to ensure our products are sourced and manufactured responsibly. The responsibility for meeting these expectations is led from the Board and is integral to our core values and permeates through all departments.

As a business, we are committed to providing good quality products to our customers and a vital part of this commitment relies on our suppliers ensuring that all goods are produced in a safe working environment where workers' rights are respected. We expect our suppliers to sign the QUIZ Ethical Code of Practice, which adheres to the core principles of the Ethical Trading Initiative Base Code, which sets worldwide standards on labour practices, to protect our own workers as well as those throughout our supply chain.

QUIZ suppliers must comply with this practice to ensure their workforces, working conditions, management and production processes are not just legally compliant but are also fair, responsible and sustainable.



Impartial third-party ethical trade audits must be completed on each site that produces QUIZ products on a yearly basis, assessed by our ethical trade department for risk issues, ensuring they are mitigated and managed.

We have worked with many of our suppliers for a number of years, developing long-lasting relationships which are based on mutual trust and expertise. It is this respect in relationships and joint commitment to becoming fully transparent and accountable that will enable true change.

The majority of our products are sourced from China, with a significant percentage manufactured in the UK. We understand that supply chain and ethical compliance transparency is a challenging area and are committed to continuously driving improvements through non-compliance remediation, factory visits and supporting suppliers in their ethical evolution.

Our public statement with regards to the Modern Slavery Act detailing our progress and commitment is available at [www.quizgroup.co.uk](http://www.quizgroup.co.uk).

#### OUR QUIZ COMMUNITY

The talent, creativity and passion of our people are at the heart of the QUIZ culture. Everything we do is with the customer in mind. Our customer-first mentality is embedded at our head office, in our stores and concessions, and throughout the markets where our teams operate.

The value we place in our people is shown in the way we motivate them. We encourage new learnings and development as well as reward their valuable contribution.

We nurture new talent and cultivate creative ideas and, as a team, we are always looking to push boundaries and explore opportunities. Many of our employees have been with QUIZ since the beginning, and as the QUIZ community grows and we welcome new talent and new ways of doing things this sense of community and passion will always remain at our core.

We care passionately about the local communities in which we work and make sure we positively contribute to the local communities in which we reside. Our dedicated teams, at head offices and across our stores, hold numerous fundraising events throughout the year and sample sales on behalf of local charities and donate stock to The Sun newspaper for its charity pop-up shops.

As a responsible business, we encourage diversity in the workplace and we are committed to treating everyone fairly and ensuring that everyone – no matter what their background, race, ethnicity, gender or disability – has the same opportunities to progress, develop and enjoy a rewarding career. If an employee were to become disabled whilst in employment and as a result was unable to perform his or her duties, every effort would be made to offer suitable alternative employment and assistance with retraining. This year, we launched several exciting people initiatives aimed at supporting the development of all our colleagues – in particular our talented female colleagues into leadership roles. We will continue to relentlessly support all colleagues to ensure they have a long and rewarding career with us.



*Social day shoot with Love Island's Eyal Booker.*




**The talent, creativity and passion of our people are at the heart of the QUIZ culture**







The background of the entire page is a close-up photograph of palm fronds. Some fronds are green and healthy, while others are brown and dried, creating a textured, natural pattern. A semi-transparent white box with a thin orange border is positioned in the center, containing the table of contents.

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## **BOARD OF DIRECTORS**

### **PETER COWGILL**

#### **INDEPENDENT NON-EXECUTIVE CHAIRMAN**

Peter was appointed Executive Chairman of JD Sports Fashion Plc in March 2004, prior to which he was Finance Director. Peter has been instrumental in driving the strong performance of JD Sports Fashion over the past decade. Peter is also the Non-Executive Chairman of United Carpets Plc and was appointed as a Non-Executive Director of Better Bathrooms (UK) Limited in January 2017.

### **SHERAZ RAMZAN**

#### **CHIEF COMMERCIAL OFFICER**

Sheraz joined QUIZ in 2003 after completing a degree in Engineering and then a Master's in Business Management. Initially tasked with raising the profile of the non-clothing merchandise part of the business, he developed a fast and flexible Far East supply chain supporting growth of the footwear and accessories ranges. In his current role, Sheraz is responsible for strategic planning, brand marketing and facilitating Company growth by engaging with new partners and territories. He plays a role in overseeing the development of the QUIZ domestic and international online operations.

### **TARAK RAMZAN**

#### **CHIEF EXECUTIVE**

Tarak opened his first QUIZ retail store in Glasgow in 1993. After inheriting his father's manufacturing business aged 18, Tarak made the decision to move into retail once UK manufacturers began to move offshore. With his passion for retail and a keen eye for fashion and product, he has steered the Company to success using a strategy that is centred around QUIZ's distinctive selling proposition and ability to stay ahead of the competition. Tarak has developed QUIZ's fast-fashion business model over the years and is responsible for brand strategy, buying and merchandising.

### **CHARLOTTE O'SULLIVAN**

#### **INDEPENDENT NON-EXECUTIVE DIRECTOR**

Charlotte has over 15 years' experience in luxury marketing and leading omni-channel business transformation. She is currently the Marketing and Digital Director at Mulberry Group plc, where she is an executive Board member and is responsible for driving an integrated, customer-centric business strategy across the marketing, press and digital teams. Charlotte previously held ecommerce and marketing roles with decoration specialist St Nicolas and luxury lingerie brand Myla, before joining Mulberry in 2007. Charlotte chairs the Nomination Committee of QUIZ.

### **GERARD SWEENEY**

#### **CHIEF FINANCIAL OFFICER**

Gerard joined QUIZ in September 2016 as Chief Financial Officer. He was previously the Group Finance Director at Robert Wiseman Dairies PLC, where he worked for 15 years. Gerard is responsible for the finance function, the development of systems and reporting to support the continued growth of the business. After completing an Accountancy degree he qualified as a chartered accountant when working with Arthur Andersen. Gerard is also the Company Secretary.

### **ROGER MATHER**

#### **INDEPENDENT NON-EXECUTIVE DIRECTOR**

Roger joined the QUIZ Board in May 2017. Previously, he was the Group Finance Director and a Board member of Mulberry Group plc for eight years, stepping down in May 2016. Roger is a Fellow of the Institute of Chartered Accountants in England and Wales having trained professionally with Price Waterhouse. He spent the previous ten years in senior finance and commercial roles within the multinational Otto Group based in both Hong Kong and the United Kingdom. Roger chairs the Audit Committee and the Remuneration Committee of QUIZ.



## GOVERNANCE FRAMEWORK



**PETER COWGILL**

INDEPENDENT NON-EXECUTIVE CHAIRMAN

I have pleasure in introducing the QUIZ plc Corporate Governance Statement, our first since our admittance to trading on AIM on 28 July 2018. The Board is committed to supporting high standards of corporate governance. In this section of the Annual Report we set out our governance framework and describe the work we have done to ensure good corporate governance throughout QUIZ plc and its subsidiaries.

### BOARD GOVERNANCE

The Company is listed on the AIM market of the London Stock Exchange. The Directors acknowledge the importance of the principles set out in the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The Directors support the principles contained in these requirements and apply these where they consider they are appropriate for a company of QUIZ plc's size and nature in accordance with the QCA Code for Small and Mid-Size Quoted Companies 2013 and are committed to maintaining high standards of corporate governance, although the Company is not required to comply with the UK Corporate Governance Code.

### THE BOARD OF DIRECTORS

The Board comprises three Executive Directors and three Non-Executive Directors reflecting a blend of different experience and backgrounds. Prior to their appointment each of the Non-Executive Directors were considered "independent". Further details regarding the Directors are set out on pages 38 and 39. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and to scrutinise performance.

### ROLE OF THE BOARD

The Board is collectively responsible for the long-term success of the Group. It provides entrepreneurial leadership, sets Group strategy, upholds the Group's culture and values, reviews management performance and ensures that the Group's obligations to shareholders are understood and met.

The Executive Directors are responsible for business operations and for ensuring that the necessary financial and human resources are in place to carry out the Group's strategic aims. The Non-Executive Directors' role is to provide an independent view of the Group's business, to constructively challenge management and to help develop proposals on strategy. The Board as a whole reviews all strategic issues and key strategic decisions on a regular basis.

The Board has a formal schedule of matters reserved to it for decision, including the approval of annual operating and capital expenditure plans and the review of performance against these plans and the Group's strategy and objectives, treasury and risk management policies. All Directors take decisions objectively in the interests of the Group.

Control over the performance of the Group is maintained through evaluation of financial information; the monitoring of performance against key budgetary targets; and by monitoring the return on strategic investments. For all Board meetings an agenda is established and a Board pack is circulated at least 48 hours ahead of the meeting. The Board receives reports from the Executive Directors to enable it to be informed of and supervise the matters within its remit. The Board considers at least annually the Group's strategic plan and, on a regular rolling basis, the Board receives presentations from management on key areas of the Group's operations.

Where issues arise at Board meetings, the Chairman ensures that all Directors are properly briefed and, when necessary, appropriate further enquiries are made.

In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the expense of the Company.

### BOARD COMMITTEES

The Board has three separate Board Committees: Audit, Remuneration and Nomination.

Each Committee has written terms of reference setting out its duties, authority and reporting responsibilities, with copies available on request from the Company Secretary. The terms of reference of each Committee are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice.



### AUDIT COMMITTEE

Roger Mather is the Chairman of the Audit Committee. The Committee's responsibilities include monitoring the Group's compliance with corporate governance and financial reporting requirements. It will review the output of external and internal audits as well as the content of the Group's annual financial statements. It is responsible for monitoring the extent of non-audit services and advising on the appointment of external auditors. In addition the Committee reviews the effectiveness of the Group's internal controls and risk management systems and reporting on these to the Board. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board.

The Audit Committee meets at least twice a year. Roger Mather has recent and relevant financial experience. He is a chartered accountant and was formerly Chief Financial Officer at Mulberry Group plc. Peter Cowgill is the other member of the Audit Committee.

The Audit Committee met once during the year and once after the year end. Matters considered at these meetings included: reviewing and approving the report and financial statements for the year ended 31 March 2018; discussion with the external auditors to confirm their independence and scope for audit work; considering the reports from external auditors identifying any accounting or judgemental issues requiring the Board's attention and the auditors' assessment of internal controls; reviewing the Company's risk register; and reviewing and approving the report and financial statements for the year ended 31 March 2018.

The Audit Committee Chairman has maintained dialogue with the auditors outside of the scheduled meetings and meets with the auditors without the presence of Executive Directors and members of the finance team.

### NOMINATION COMMITTEE

Charlotte O'Sullivan is the Chair of the Nomination Committee which has responsibility for reviewing

the structure, size and composition of the Board and recommending to the Board any changes required for succession planning and for identifying and nominating for approval of the Board candidates to fill vacancies as and when they arise. The Committee is also responsible for reviewing the results of the Board performance evaluation process and making recommendations to the Board concerning suitable candidates for the role of Senior Independent Director, the membership of the Board's Committees and the re-election of Directors at the annual general meeting.

The Nomination Committee meets at least once a year and otherwise as required. Roger Mather and Tarak Ramzan are the other members of the Nomination Committee.

### REMUNERATION COMMITTEE

The Chairman of the Remuneration Committee is Roger Mather. This Committee has responsibility for developing policy on executive remuneration and to set the remuneration packages of individual Directors. This includes agreeing with the Board the framework for remuneration of the Executive Directors, the Company Secretary and such other members of the executive management of the Group as it is designated to consider. It is furthermore responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options. No Director may be involved in any decision as to his/her own remuneration.

The Remuneration Committee meets at least twice a year. Charlotte O'Sullivan and Gerard Sweeney are the other members of the Remuneration Committee.

The responsibilities and activities of the Remuneration Committee are set out in more detail in the Directors' Remuneration Report.

### ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The table below shows the attendance of individual Directors at Board and Committee meetings of which they are members during the year.

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Cowgill	4	4	1	1	—	—	—	—
Tarak Ramzan	4	4	—	—	1	1	—	—
Sheraz Ramzan	4	4	—	—	—	—	—	—
Gerard Sweeney	4	4	—	—	—	—	—	—
Charlotte O'Sullivan	4	4	—	—	1	—	—	—
Roger Mather	4	4	1	1	1	1	—	—

As at 5 June, the Board and each Committee has met once since the end of the financial year. All applicable Directors attended these meetings.

## GOVERNANCE FRAMEWORK CONTINUED

### INDUCTION OF NEW DIRECTORS

The three Non-Executive Directors, Peter Cowgill, Charlotte O'Sullivan and Roger Mather, were appointed during the year. On joining the Board, new Directors undergo an induction programme which is tailored to the existing knowledge and experience of the Director concerned, including store and office visits; meetings with key employees; and presentations from management on topics such as strategy, finance and risk.

### EVALUATION

The Chairman will conduct an annual internal evaluation of the Board (including sub-committees and individual Board members), involving anonymous questionnaires formulated to enable the Board to confirm that its performance, as well as the contribution of each of the Executive and Non-Executive Directors, demonstrate commitment to their respective roles and that the Board members' respective skills complement each other and enhance the overall operation of the Board. The results of this evaluation will be confirmed to the Board and its Committees to advise whether they are operating to the satisfaction of the Chairman and achieving their objectives.

The review will be conducted after the first anniversary of the Company's Admission to AIM, which occurred on 28 July 2017.

### EXTERNAL APPOINTMENTS

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations provided the time commitment does not conflict with the Director's duties to the Company. The appointment to such positions is subject to Board approval.

### CONFLICTS OF INTEREST

At each meeting the Board considers Directors' conflicts of interest. The Company's Articles of Association ("Articles") provide for the Board to authorise any actual or potential conflicts of interest.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss.

The Board confirms that there are ongoing procedures for identifying, evaluating and managing significant risks faced by the Group and that it has reviewed these risks and the procedures with management before the financial year end. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the Group's internal control system include:

- Day-to-day management of the activities of the Group by the Executive Directors.
- A detailed annual budget is prepared including an integrated profit and loss, balance sheet and cash flow. The budget is approved by the Board.
- Monthly reporting of performance against the budget is prepared and reviewed by the Board.
- A schedule of delegated authority is maintained which defines levels of approval authority over such items as capital expenditure, commercial contracts, litigation and treasury matters.
- Maintenance of a risk register which is reviewed at least annually by the Board.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available.

### RELATIONS WITH SHAREHOLDERS

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year preliminary results. The Board is informed of shareholder views as part of the regular reporting process and matters for discussion.

The annual general meeting is an important opportunity for communication with both institutional and private shareholders and also involves a short statement on the Company's latest trading position. Shareholders may ask questions of the full Board, including the Chairs of Audit, Remuneration and Nomination Committees. The result of the proxy votes submitted by shareholders in respect of each resolution will be available on the Company's website or on request to the Company Secretary.

General information about the Group is also available on the Group's website: [www.quizgroup.co.uk](http://www.quizgroup.co.uk). This includes an overview of activities of the Group and details of all recent Group announcements.

### AUDITORS' INDEPENDENCE

The Audit Committee reports to the Board on the effectiveness, value and independence of the auditors on an annual basis. The Audit Committee also approves the extent of non-audit work undertaken by the auditors to ensure that it does not interfere with their independence and has established guidelines for the value of non-audit services permitted to be undertaken by the auditors. The Board is satisfied with the independence and objectivity of the auditors, RSM UK Audit LLP, and is recommending their reappointment at the AGM.

## **DIRECTORS' REMUNERATION REPORT**

### **INTRODUCTION**

The Remuneration Committee is committed to complying with the principles of good corporate governance in relation to the design of its remuneration policy and, as such, our policy will take account of the UK Corporate Governance Code and other best practice guidance (for example, the QCA Remuneration Guidance and the Investment Association's Principles of Remuneration), as far as is appropriate to the Company's management structure, size and listing. The following narrative disclosures are prepared on a voluntary basis and are not subject to audit.

During the year, the Remuneration Committee comprised Roger Mather (Chairman and Non-Executive Director), Charlotte O'Sullivan (Non-Executive Director) and Gerard Sweeney (Chief Financial Officer).

The Executive Chairman, CEO and external advisers may be invited to attend meetings of the Remuneration Committee but do not take part in the decision making. The Company Secretary acts as secretary to the Committee.

The Committee is responsible for determining the remuneration and terms and conditions of employment of the Chairman and Executive Directors and senior employees of the Group.

Terms of reference have been approved for the Remuneration Committee and are reviewed annually. The Committee's primary responsibility is to determine, on behalf of the Board, the policy for the remuneration of the Executive Directors and such other members of the Executive Management Team of the Group as is deemed appropriate. The remuneration of the Non-Executive Directors is a matter for the Board.

The Non-Executive Directors of the Committee have no personal financial interest, other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships or from being involved in the day-to-day business of the Group.

No Director or senior manager is involved in any decisions as to their own remuneration.

### **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The Non-Executive Directors each receive a fee for their services, which is agreed by the Board taking into account the role to be undertaken. They are entitled to participate in the Company pension arrangements but do not participate in any of the equity or bonus schemes other than in relation to a Warrant Instrument entered into with Peter Cowgill on 18 July 2017 as described below.

Each Non-Executive Director who was in office during the year was appointed for an initial 36-month term from 28 July 2017 unless terminated earlier by either party giving the other two months' written notice.

### **REMUNERATION POLICY FOR EXECUTIVE DIRECTORS**

The Committee's overarching aim is to attract and retain the highest calibre Directors and ensure reward for performance is competitive and appropriate for the results delivered. The remuneration package for each Executive Director incorporates performance and non-performance-related elements and:

- includes a market competitive salary, the level of which reflects the particular Director's experience and the nature and complexity of their work;
- rewards the Director's personal performance (through the award of annual bonuses) and provides an appropriate link to the Company's long-term performance and continued success (through the operation of share-based incentive schemes);
- provides post-retirement benefits through contributions to an individual's pension schemes or an equivalent cash alternative; and
- provides employment-related benefits including the provision of a company car or cash alternative, life assurance, insurance relating to the Director's duties, and medical insurance.

Each of the Executive Directors has a service contract with the Company that is terminable on 12 months' notice by either party.



## DIRECTORS' REMUNERATION REPORT CONTINUED

### SALARIES, BONUSES AND OTHER INCENTIVE SCHEMES

Each Executive Director receives a base salary and the opportunity to earn an annual bonus that is linked to the achievement of targeted levels of profit before tax in the relevant financial year. Annual bonuses will not normally exceed 100% of an individual's salary.

Long-term incentives are provided through the operation of the following arrangements that were first introduced in July 2017:

- the QUIZ Company Share Option Plan (the "CSOP"), which allows tax advantaged options to be granted over the Company's shares to selected employees of the Group (including Executive Directors); and
- the QUIZ Employee Share Option Plan (the "ESOP"), which enables non-tax advantaged options to be granted to the same category of individuals.

Options granted under the CSOP and ESOP generally vest after three years. The price per share payable on their exercise will normally be equal to the market value of a share on the date they were originally granted.

Given the existing size of their shareholdings, neither Tarak Ramzan nor Sheraz Ramzan have been granted awards under the CSOP or the ESOP.

The following information is required by the AIM Rules:

	Basic salary/fees £000	Taxable benefits £000	Pension contributions £000	2018 Total £000	2017 Total £000
<b>Executive Directors</b>					
Tarak Ramzan	139	8	15	<b>163</b>	81
Gerard Sweeney	117	8	11	<b>136</b>	57
Sheraz Ramzan	102	5	9	<b>116</b>	55
<b>Non-Executive Directors</b>					
Peter Cowgill	50	—	—	<b>50</b>	—
Charlotte O'Sullivan	23	—	—	<b>23</b>	—
Roger Mather	27	—	—	<b>27</b>	—
	458	21	35	<b>515</b>	193

Further to the Company's Admission to AIM each of the Executive Directors entered into service agreements which reflected salaries and benefits commensurate with their roles and responsibilities.

Given Gerard Sweeney's employment commenced in September 2016 the amount received in 2017 does not reflect payments for a full year.

Each of the Executive Directors receive a car allowance which is included under taxable benefits along with the cost of providing healthcare benefits and life assurance.

Pension contributions are paid into defined contribution schemes with the exception of Gerard Sweeney, who receives a cash payment in lieu of pension contributions.

The above table does not include the value of share options or share awards to or held by the Directors as detailed opposite.

**WARRANT INSTRUMENT**

	31 March 2017	Granted	Exercised	31 March 2018	Exercise price (pence)
Peter Cowgill	—	186,355	—	<b>186,355</b>	80.5

The warrants are exercisable from 28 July 2017 to the earlier of their full exercise, Peter Cowgill ceasing to be a Director or the takeover of the Company.

**OPTIONS GRANTED UNDER THE CSOP AND THE ESOP**

	Scheme	31 March 2017	Granted	Exercised	31 March 2018	Exercise price (pence)
Gerard Sweeney	CSOP	—	18,633	—	<b>18,633</b>	161.0
	ESOP	—	142,857	—	<b>142,857</b>	161.0

The above options vest after three years and have no performance conditions.

**EXTERNAL NON-EXECUTIVE DIRECTOR POSITIONS**

The Company allows Executive Directors to hold external directorships subject to agreement by the Chairman on a case-by-case basis and, at the discretion of the Committee, to retain the fees received from those roles.

**SHARE PRICE INFORMATION**

The market price of the QUIZ plc ordinary shares at 31 March 2018 was 146 pence and the range during the year was 125–198 pence.

**STATEMENT OF DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS**

The interests of the Directors and their immediate families in the Group's ordinary shares as at 31 March 2018 were as follows:

	Beneficially owned		Unvested outstanding share awards
	2017	2018	2018
<b>Executive Directors</b>			
Tarak Ramzan	39,350,945	<b>25,313,539</b>	—
Gerard Sweeney	—	<b>12,422</b>	<b>161,490</b>
Sheraz Ramzan	18,647,449	<b>6,579,334</b>	—
<b>Non-Executive Directors</b>			
Peter Cowgill	—	<b>93,168</b>	<b>186,335</b>
Charlotte O'Sullivan	—	<b>6,213</b>	—
Roger Mather	—	<b>12,422</b>	—

The interests of Tarak Ramzan and Sheraz Ramzan for 2017 reflect their holdings prior to the Company's admission to AIM.



## **DIRECTORS' REPORT**

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditors' Report, for the year ended 31 March 2018.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is that of a holding company. The principal activity of its subsidiary undertakings is that of retailing clothes.

### **BUSINESS REVIEW**

The Directors are required to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRS"). These set out the requirement for a fair review of the business, its position at the year end and a description of the principal risks and uncertainties facing the Group. The Strategic Report on pages 2 to 35 provides this commentary and these are incorporated by cross-reference and form part of this report.

### **RESULTS AND DIVIDENDS**

Results for the year ended 31 March 2018 are set out in the Group statement of comprehensive income on page 53. The Directors are recommending a final dividend of 0.8 pence per share to be approved, at the AGM on 5 September 2018. If approved the dividend will be paid on 14 September to ordinary shareholders on the register on 16 August 2018.

### **DIRECTORS**

The biographies of the Directors in office at the date of this report are set out on pages 38 and 39. Tarak Ramzan, Sheraz Ramzan and Gerard Sweeney were appointed as Directors on 22 March 2017, Roger Mather was appointed on 2 June 2017 and Peter Cowgill and Charlotte O'Sullivan were appointed on 28 July 2017.

Details of the Directors' beneficial interests are set out in the Remuneration Report on page 45.

The Company has purchased directors' and officers' liability insurance during the year as allowed by the Company's Articles.

### **SHARE CAPITAL AND SUBSTANTIAL SHAREHOLDERS**

Details of the issued share capital, together with details of the movements during the year, are shown in note 22 to the financial statements. The Company has one class of ordinary share and each ordinary share carries the right to one vote at general meetings of the Company.

At 31 March 2018 the Company had been notified of the following substantial shareholders comprising 3% or more of the issued ordinary share capital of the Company:

	% of issued share capital held
Tarak Ramzan	14.3
Hargreave Hale Limited	6.7
Omar Aziz	6.4
Kasim Akram	6.3
River and Mercantile Asset Management Limited	6.1
Nusrat Ramzan	6.1
Schroder Investment Management Limited	6.8
Sheraz Ramzan	5.3
Haris Ramzan	5.0
Blackrock Investment Management (UK) Limited	3.8
Mussarat Ramzan	3.6
AXA Investment Managers	4.5
Slater Investments Limited	3.1

**FINANCIAL RISK MANAGEMENT**

Details of financial risk management are detailed in note 26 to the financial statements.

**GOING CONCERN**

The Company's going concern statement can be found in the basis of preparation section in note 1 to the financial statements.

**POST BALANCE SHEET EVENTS**

There have been no material post balance sheet events.

**FUTURE DEVELOPMENTS**

The Strategic Report on pages 2 to 35 sets out the likely future developments of the Company and Group.

**POLITICAL DONATIONS**

No political donations were made during the period under review.

**EMPLOYEE INVOLVEMENT**

The Directors recognise that communication with the Group's employees is essential and the Group places importance on the contributions and views of its employees. Details of employee involvement are set out in the Social Responsibility Report on pages 34 and 35.

**DISABLED EMPLOYEES**

Details of the Group's policy in relation to disabled employees is set out in the Social Responsibility Report on pages 34 and 35.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

In the case of each Director in office at the date the Directors' Report is approved, the following applies:

- the Director knows of no information, which would be relevant to the auditors for the purpose of their audit report, of which the auditors are not aware; and
- the Director has taken all steps that he/she ought to have taken as a Director to make him/herself aware of any such information and to establish that the auditors are aware of it.

**AUDITORS**

The auditors, RSM UK Audit LLP, have indicated their willingness to continue in office and a resolution seeking to reappoint them will be proposed at the AGM. This Directors' Report was approved by the Board of Directors and authorised for issue on 5 June 2018.

**ANNUAL GENERAL MEETING**

The Company's AGM will be held on 5 September 2018.

**GERARD SWEENEY COMPANY SECRETARY**

5 June 2018

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Jersey company law requires the Directors to prepare Group and Company financial statements for a period of not more than 18 months in accordance with generally accepted accounting principles. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under Jersey company law to prepare the Company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements of the Group and the Company are required by law to give a true and fair view of the state of the Group's and the Company's affairs at the end of the financial period and of the profit or loss of the Group and the Company for that period and are required by IFRS as adopted by the EU to present fairly the financial position and performance of the Group and the Company.

In preparing the Group and the Company financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Group's and the Company's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board

**TARAK RAMZAN** CHIEF EXECUTIVE  
**GERARD SWEENEY** CHIEF FINANCIAL OFFICER  
5 June 2018



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF QUIZ PLC**

#### **OPINION**

We have audited the financial statements of QUIZ plc (the "parent company") and its subsidiaries (the "Group") for the year ended 31 March 2018 which comprise the Company and Group statement of comprehensive income, Company and Group statement of financial position, Company and Group statement of changes in equity, Company and Group cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2018 and of the Group's and the parent company's profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

#### **BASIS FOR OPINION**

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

#### **CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

#### **KEY AUDIT MATTERS**

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

#### **Revenue recognition in omni-channel sales environment**

##### **Risk**

As described in the accounting policies, income is recognised on the transfer of ownership of products to customers. The Group income is derived through an omni-channel sales model, collecting sales through retail outlets, concession arrangements, franchise arrangements, online sales through their own and third-party websites and wholesaling. Consequently, there is a risk that controls over these sources of income do not adequately capture and record accurate sales information. Cut-off procedures on sales through third-party sites create the greatest risk of misstatement due to reliance on third-party information.

##### **Our response**

We documented the processes and tested key management controls around recognition and measurement of revenue and performed analytical audit procedures and substantive sampling procedures to verify that revenue data was being collected and recorded appropriately. We reviewed a sample of franchise and concession agreements to ensure that revenue was recognised in line with the substance of these agreements.

We also performed year-end cut-off testing to ensure income recorded was materially complete.

**INDEPENDENT AUDITORS' REPORT CONTINUED**  
**TO THE MEMBERS OF QUIZ PLC**

**KEY AUDIT MATTERS CONTINUED**

**Existence and valuation of stock**

**Risk**

As described in the accounting policies, stock is carried at the lower of cost or net realisable value and is assessed at each reporting date for impairment. The Group holds stock in multiple locations, some of which is physically controlled by third parties, creating a risk of misstatement in the reported year-end stock. The Group has a trading model based on fast turnover in product lines, creating some risk that seasonal stock held becomes obsolete or unsaleable.

**Our response**

We documented the processes and tested key management controls around stock recording. In addition, we attended stock counts to test the accuracy of physical stock records. We tested pricing methodology and sell through of year-end stock to ensure stock was held at lower of cost and ultimate net realisable value. We reviewed management's policy on providing against stock lines and ensured this was appropriate and consistently applied.

**OUR APPLICATION OF MATERIALITY**

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole ("FSM"). During planning FSM was calculated as £525,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £10,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

**AN OVERVIEW OF THE SCOPE OF OUR AUDIT**

Our audit was scoped by obtaining an understanding of the Group and its control environment, including Group-wide controls, and assessing the risks of material misstatement. The financial statements were audited on a consolidated basis using Group materiality. The scope of our audit covered 100% of both consolidated profit after tax and consolidated net assets.

**OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company or proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- we have failed to obtain any information or explanation that, to the best of our knowledge and belief, was necessary for our audit.

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement set out on page 48, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

A further description of our responsibilities for the audit of the financial statements is included in appendix 1 of this Auditors' Report. This description, which is located at page 52, forms part of our Auditors' Report.

**USE OF OUR REPORT**

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**ALAN AITCHISON** FOR AND ON BEHALF OF RSM UK AUDIT LLP, AUDITORS

THIRD FLOOR  
CENTENARY HOUSE  
69 WELLINGTON STREET  
GLASGOW  
G2 6HG  
5 June 2018



**INDEPENDENT AUDITORS' REPORT CONTINUED**  
**TO THE MEMBERS OF QUIZ PLC**

**APPENDIX 1: AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditors' Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**STATEMENT OF COMPREHENSIVE INCOME**

YEAR ENDED 31 MARCH 2018

	Notes	Group year ended 31 March 2018 £000	Group year ended 31 March 2017 £000	Company year ended 31 March 2018 £000
<b>Continuing operations</b>				
Revenue	3	116,430	89,767	—
Cost of sales		(43,101)	(33,511)	—
<b>Gross profit</b>		<b>73,329</b>	56,256	—
Recurring administrative costs		(42,366)	(34,527)	(261)
Non-recurring administrative costs	4	(1,037)	—	(1,037)
<b>Total administrative costs</b>		<b>(43,403)</b>	(34,527)	<b>(1,298)</b>
Distribution costs		(21,369)	(13,602)	—
Other operating income		15	8	420
<b>Total operating costs</b>	6	<b>(64,757)</b>	(48,121)	<b>(878)</b>
<b>Operating profit/(loss)</b>		<b>8,572</b>	8,135	<b>(878)</b>
Dividend income from subsidiaries		—	—	5,000
Finance income	7	30	7	12
Finance costs	7	(53)	(30)	—
<b>Profit before income tax</b>		<b>8,549</b>	8,112	<b>4,134</b>
Income tax charge	8	(1,724)	(1,495)	(30)
<b>Total comprehensive income for the period</b>		<b>6,825</b>	6,617	<b>4,104</b>
Basic earnings per share	9	5.49p	5.33p	—
Diluted earnings per share	9	5.49p	5.32p	—

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

**STATEMENT OF FINANCIAL POSITION**  
AS AT 31 MARCH 2018

	Notes	Group as at 31 March 2018 £000	Group as at 31 March 2017 £000	Company as at 31 March 2018 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	14,793	12,119	—
Intangible assets	12	7,289	6,516	—
Investments	13	—	—	539
<b>Total non-current assets</b>		<b>22,082</b>	18,635	<b>539</b>
<b>Current assets</b>				
Inventories	14	14,717	9,312	—
Trade and other receivables	15	9,774	10,733	5,189
Cash and cash equivalents	23	9,883	2,059	9,341
<b>Total current assets</b>		<b>34,374</b>	22,104	<b>14,530</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	16	(12,090)	(9,732)	(241)
Loans and borrowings	17	(641)	(3,788)	—
Derivative financial liabilities	18	(5)	(15)	—
Corporation tax payable		(1,127)	(1,426)	(30)
<b>Total current liabilities</b>		<b>(13,863)</b>	(14,961)	<b>(271)</b>
<b>Non-current liabilities</b>				
Loans and borrowings	17	(41)	(279)	—
Deferred tax liabilities	19	(412)	(574)	—
<b>Total non-current liabilities</b>		<b>(453)</b>	(853)	<b>—</b>
<b>Net assets</b>		<b>42,140</b>	24,925	<b>14,798</b>
<b>Equity</b>				
Called-up share capital	21	373	1,454	373
Share premium		10,315	—	10,315
Merger reserve		915	—	—
Translation reserve		145	98	—
Retained earnings		30,392	23,373	4,110
<b>Total equity</b>		<b>42,140</b>	24,925	<b>14,798</b>

These financial statements of QUIZ plc, registered number 123460, on pages 53 to 72 were approved by the Board of Directors and authorised for issue on 5 June 2018 and were signed on its behalf by:

**TARAK RAMZAN** CHIEF EXECUTIVE  
**GERARD SWEENEY** CHIEF FINANCIAL OFFICER  
5 June 2018



**STATEMENT OF CHANGES IN EQUITY**

YEAR ENDED 31 MARCH 2018

	Group as at 31 March 2018 £000	Group as at 31 March 2017 £000	Company as at 31 March 2018 £000
<b>Share capital</b>			
Balance at beginning of period	1,454	3,454	—
Cancellation of preference shares	—	(2,000)	—
Impact of Group reconstruction	(1,095)	—	—
New shares issued	20	—	379
Shares cancelled on conversion of shares	(6)	—	(6)
<b>Balance at end of period</b>	<b>373</b>	<b>1,454</b>	<b>373</b>
<b>Share premium</b>			
Balance at beginning of period	—	—	—
New shares issued (net of expenses)	10,315	—	10,315
<b>Balance at end of period</b>	<b>10,315</b>	<b>—</b>	<b>10,315</b>
<b>Merger reserve</b>			
Balance at beginning of period	—	—	—
Impact of Group reconstruction	915	—	—
<b>Balance at end of period</b>	<b>915</b>	<b>—</b>	<b>—</b>
<b>Translation reserve</b>			
Balance at beginning of period	98	5	—
Foreign exchange gain on non-UK assets	47	93	—
<b>Balance at end of period</b>	<b>145</b>	<b>98</b>	<b>—</b>
<b>Profit and loss account</b>			
Balance at beginning of period	23,373	16,770	—
Credit arising on conversion of shares	6	—	6
Total comprehensive income	6,825	6,617	4,104
Share-based payments charge	188	—	—
Dividends	—	(14)	—
<b>Balance at end of period</b>	<b>30,392</b>	<b>23,373</b>	<b>4,110</b>
<b>Total equity at beginning of period</b>	<b>24,925</b>	<b>20,229</b>	<b>—</b>
<b>Total equity at end of period</b>	<b>42,140</b>	<b>24,925</b>	<b>14,798</b>

**CASH FLOW STATEMENT**  
YEAR ENDED 31 MARCH 2018

	Notes	Group year ended 31 March 2018 £000	Group year ended 31 March 2017 £000	Company year ended 31 March 2018 £000
<b>Cash flows from operating activities</b>				
Cash generated by operations				
Operating profit		8,572	8,135	(878)
Depreciation of tangible assets		2,761	2,046	—
Amortisation of intangible assets		130	78	—
Share-based payment charges		188	—	—
Exchange movement		37	23	—
Increase in stocks		(5,405)	(3,123)	—
Decrease/(increase) in debtors		959	(4,424)	(189)
Increase in creditors		2,358	1,443	241
(Decrease)/increase in provisions		(162)	174	—
Net cash from operating activities		9,438	4,352	(826)
Interest paid		(63)	(33)	—
Income taxes paid		(2,023)	(1,077)	—
<b>Net cash generated by/(used in) operating activities</b>		<b>7,352</b>	<b>3,242</b>	<b>(826)</b>
<b>Cash flows from investing activities</b>				
Payments to acquire intangible assets		(903)	(33)	—
Payments to acquire property, plant and equipment		(5,435)	(3,537)	—
Payments to facilitate Group reconstruction		(180)	—	(180)
Interest received		30	7	12
<b>Net cash used in investing activities</b>		<b>(6,488)</b>	<b>(3,563)</b>	<b>(168)</b>
<b>Cash flows from financing activities</b>				
Proceeds of new borrowings		—	591	—
Repayment of borrowings		(1,231)	(1,831)	—
Repayment of finance leases		—	(1)	—
Net proceeds from share issue		10,335	—	10,335
Dividends paid		—	(14)	—
<b>Net cash generated by/(used in) financing activities</b>		<b>9,104</b>	<b>(1,255)</b>	<b>10,335</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>9,968</b>	<b>(1,576)</b>	<b>9,341</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>(484)</b>	<b>1,022</b>	<b>—</b>
Effect of foreign exchange rates		11	70	—
<b>Cash and cash equivalents at end of period</b>	23	<b>9,495</b>	<b>(484)</b>	<b>9,341</b>

**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2018****1 SIGNIFICANT ACCOUNTING POLICIES****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 Limited, 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 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.

**Basis of preparation**

These financial statements for the year ended 31 March 2018 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS"), IFRS IC interpretations and the Companies (Jersey) Law 1991.

Given the Company formed on 22 March 2017 and acquired its subsidiaries on 23 March and 5 April 2017 there are no consolidated statutory comparative figures for the year ended 31 March 2017.

The 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 and 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 considered the accounting policies that should be applied in respect of the consolidation of the Group formed in anticipation of Admission to AIM. They 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 financial statements are presented as if the Group structure had always been in place, using merger accounting principles.

The historical financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out below.

The annual financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are carried at fair value.

The preparation of financial statements in conformity with International Financial Reporting Standards adopted by the European Union requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

**Going concern**

The Directors have prepared trading and cash flow forecasts for a period of one year from the date of approval of these financial statements. The Directors have a reasonable expectation that the Group has adequate cash headroom. Accordingly, the financial statements of the Group have been prepared on a going concern basis in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS"), IFRS IC interpretations and the Companies (Jersey) Law 1991.



**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS CONTINUED**  
**YEAR ENDED 31 MARCH 2018**

**1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**Intangible assets**

**Goodwill**

The goodwill arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012 and reflects the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

**Other intangible assets**

Intangible assets purchased are recognised when future economic benefits are probable and are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:

Computer software	between 7 and 10 years
Trademarks	10 years

Amortisation is revised prospectively for any significant change in useful life or residual value. On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

All amortisation has been charged to administrative expenses in the statement of comprehensive income.

**Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Property leasehold	straight line over the life of the lease
Computer equipment	between 5 and 15 years
Fixtures, fittings and equipment	between 5 and 15 years
Motor vehicles	between 4 and 5 years

All depreciation has been charged to administrative expenses in the statement of comprehensive income.

**Revenue recognition**

**Sale of goods – retail**

The Group operates a chain of retail outlets for selling clothing products. Sales of goods are recognised when an entity sells a product to the customer. Retail sales are usually in cash or payment card.

**Internet revenue**

Revenue from the provision of the sale of goods on the internet is recognised at the point that the risk and rewards of the inventory have passed to the customer, which is the point of delivery. Transactions are settled by credit or payment card.

Revenue is recognised at fair value of the consideration received or receivable for the sale net of staff discounts and value added tax.

**Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the historical financial information. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date.

**1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Taxation** continued

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to set off current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

Deferred tax is charge or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised as equity.

Current and deferred tax is charged or credited in the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction for the event it relates to and is also charged or credited to other comprehensive income or equity.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. At each reporting date, the impairment of stock is assessed. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in the profit or loss.

**Finance income and finance costs**

Finance income and finance costs include interest income and expense. Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

**Leasing**

All leases are operating leases and the annual rentals are charged to profit or loss on a straight-line basis over the lease term. Rent-free periods or other incentives received for entering an operating lease are accounted for as a reduction to the expense and are recognised on a straight-line basis over the lease term.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or are capitalised as an intangible fixed asset or a tangible fixed asset.

**Retirement benefits**

The subsidiaries operate defined contribution pension schemes. For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments.

**Foreign currency transactions****Functional and presentation currency**

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which it operates (its functional currency). For the consolidated financial statements, the results and financial position of each subsidiary are expressed in Pounds Sterling, which is the functional currency of the Company and the presentation currency for the consolidated statements.

**Transactions and balances**

Transactions in currencies other than the financial currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in opening currencies are translated at the rate ruling at the date of the transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

**Provisions**

Provisions are recognised when there is an obligation at the reporting date arising from a past event from which it is considered probable that a transfer of economic benefits will occur and that obligation can be reasonably estimated.

Provisions are measured at the best estimate of the amounts required to settle the obligation. When the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risk specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS CONTINUED**  
**YEAR ENDED 31 MARCH 2018**

**1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, being the Board of Directors. The chief operating decision maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the subsidiaries.

The Directors have therefore determined that there is only one reportable segment under IFRS 8. The results and assets for this segment can be determined by reference to the statement of comprehensive income and statement of financial position.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument and are offset only when there is a legally enforceable right to set off the recognised amounts and the Group intends to settle the obligations on a net basis or realise both the associated asset and liability simultaneously.

**Financial assets**

Trade receivables and other receivables which are receivable within one year are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the amounts due will not be collected per the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event after the impairment loss was recognised are recognised immediately in profit or loss.

**Financial liabilities**

Bank overdrafts are presented within creditors: amounts falling due within one year.

**Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments per the substance of the contractual arrangements entered. An equity instrument is any contract that evidences a residual interest in the assets of the Company and after deducting all its liabilities.

**Trade and other payables**

Trade and other payables within one year are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

When the arrangement with a trade payable constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

**Borrowings**

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised based on the effective interest method and is included in interest payable and other similar charges.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled or expire.

**Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

**Derivative financial instruments**

The Group holds derivative financial instruments to hedge its foreign currency exposures. The Directors do not follow hedge accounting principles. Derivative financial instruments are recorded at fair value at the end of each reporting period.



**1 SIGNIFICANT ACCOUNTING POLICIES CONTINUED****Share-based payments**

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 27.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

**Critical accounting estimates and judgements**

In the application of the Company'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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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:

**Impairment of goodwill**

The Directors are required to test, where indicators of impairment exist, whether goodwill has suffered an impairment. Details of this assessment are provided in note 13. The Directors believe that the value in use is greater than the carrying value and do not consider goodwill to be impaired.

**Impairment of assets**

An assessment is made at each reporting date of whether there are indications that an asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount is estimated or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of an asset and its recoverable amount, being the higher of fair value less costs to sell and value in use, are recognised as impairment losses. Impairment of revalued assets is treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversal of impairment losses is recognised in profit or loss for revalued assets as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amounts (less any residual value) over its remaining useful life.

**Depreciation and amortisation**

The Directors exercise judgement to determine useful lives and residual values of tangible and intangible assets. The assets are depreciated or amortised over their estimated useful lives.

**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 is determined based on the choice of an appropriate percentage in accordance with the ageing of stock.

**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS CONTINUED**  
**YEAR ENDED 31 MARCH 2018**

**2 NEW ACCOUNTING PRONOUNCEMENTS**

The financial statements have been prepared in accordance with accounting policies that are consistent with those applied above. The following new or revised standards or interpretations apply to accounting periods beginning after 31 March 2018:

New or revised standards or interpretations	Effective for accounting periods commencing on or after
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
IFRS 17 Insurance Contracts	1 January 2021

Management is currently assessing the impact IFRS 16 Leases will have on the recognition of assets and related liabilities and the associated lease costs. Management does not consider that the other new or revised standards or interpretations would have a material effect on the financial statements for the year ended 31 March 2018.

**3 REVENUE**

An analysis of revenue by geographical destination is as follows:

	2018 £000	2017 £000
United Kingdom	92,894	68,063
Rest of the world	23,536	21,704
	<b>116,430</b>	<b>89,767</b>

As at 31 March 2018 non-current assets in the United Kingdom were £19,959,000 (FY 2017: £17,408,000) with £2,123,000 (FY 2017: £1,227,000) located in the rest of the world.

**4 NON-RECURRING ADMINISTRATIVE COSTS**

Non-recurring administrative costs in the year ended 31 March 2018 of £1.0 million 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 EMPLOYEE BENEFIT EXPENSES**

Employment costs and average monthly number of employees (including Directors) during the period were as follows:

	2018 £000	2017 £000
Wages and salaries	15,840	14,760
Social security costs	1,021	784
Other pension costs	66	57
	<b>16,927</b>	<b>15,601</b>

	No.	No.
Retail	1,305	1,276
Distribution	30	22
Administration	140	92
	<b>1,475</b>	<b>1,390</b>

Included above is £517,000 in respect of Directors' remuneration (FY 2017: £193,000). Further details on Directors' remuneration can be found in the Directors' Remuneration Report on pages 43 to 45.

**6 OPERATING PROFIT**

Operating profit is stated after charging:

	2018 £000	2017 £000
Cost of inventories recognised as an expense	43,101	33,511
Distribution costs	21,369	13,602
Employment costs	16,927	15,601
Depreciation	2,761	2,046
Amortisation	130	78
Operating lease payments	5,831	5,346
Non-recurring administrative costs	1,037	—
Share-based payment charges	188	—
Other expenses	16,514	11,448
	<b>107,858</b>	<b>81,632</b>

Included in the above are the costs associated with the following services provided by the Company's auditors:

	2018 £000	2017 £000
<b>Audit services</b>		
Audit of the Company and the consolidated financial statements	10	—
Audit of the Company's subsidiaries	35	32
<b>Total audit fees</b>	<b>45</b>	<b>32</b>
Fees relating to the Admission to AIM	140	—
All other services	11	2
<b>Total fees payable to the Company's auditors</b>	<b>196</b>	<b>34</b>

**7 FINANCE INCOME AND EXPENSE**

	2018 £000	2017 £000
Interest on cash deposits	13	2
Other interest	17	5
<b>Finance income</b>	<b>30</b>	<b>7</b>
	2018 £000	2017 £000
Interest on loans and overdrafts	37	30
Other interest	16	—
<b>Finance expense</b>	<b>53</b>	<b>30</b>



**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS CONTINUED**  
YEAR ENDED 31 MARCH 2018

**8 INCOME TAX**

	2018 £000	2017 £000
UK corporation tax – current year	1,814	1,309
UK corporation tax – prior year	(65)	(192)
Foreign tax	137	204
Deferred tax – current year	(117)	17
Deferred tax – effect of adjustment in tax rate	(53)	–
Deferred tax – prior year	8	157
<b>Tax on profit on ordinary activities</b>	<b>1,724</b>	<b>1,495</b>
Reconciliation of effective tax rate		
Profit on ordinary activities before taxation	8,549	8,112
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (FY 2017: 20%)	1,624	1,622
Expenses not deductible for tax purposes	314	61
Effect of adjustment in tax rate	(53)	–
Adjustments to previous periods	(84)	(35)
Foreign tax adjustments	(77)	(153)
	<b>1,724</b>	<b>1,495</b>

The UK corporation tax rate will reduce to 17% (effective 1 April 2020), as enacted on 15 September 2016. This will reduce the Group's future current tax charge accordingly.

**9 EARNINGS PER SHARE**

	2018 No.	2017 No.
Number of shares:		
Weighted number of ordinary shares outstanding	124,230,905	124,230,905
Effect of dilutive options	93,127	93,127
Weighted number of ordinary shares outstanding – diluted	124,324,032	124,324,032
Earnings:	£000	£000
Profit basic and diluted	6,825	6,617
Profit adjusted	8,050	6,617
Earnings per share:	Pence	Pence
Basic earnings per share	5.49	5.33
Adjusted earnings per share	6.48	5.33
Diluted earnings per share	5.49	5.32
Adjusted diluted earnings per share	6.47	5.32

The adjusted profit after tax for 2018 and adjusted earnings per share are shown before non-recurring costs (net of tax) of £1.0 million (FY 2017: £Nil) and share-based payment charges of £0.2 million (FY 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.

**10 DIVIDENDS**

	2018 £000	2017 £000
Dividends on preference shares	—	14

The dividends relate to preference shares and represent a dividend of 1 pence per share. They were paid in the period in which they were declared. The preference shares were cancelled during the year.

A final dividend in respect of 2018 of 0.8 pence per share, amounting to a dividend payable of £993,847, is to be proposed at the annual general meeting on 5 September 2018.

**11 PROPERTY, PLANT AND EQUIPMENT**

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
<b>Cost</b>					
At 1 April 2017	649	166	1,119	17,622	19,556
Additions	729	36	555	4,115	5,435
Disposals	—	(82)	—	(104)	(186)
<b>At 31 March 2018</b>	<b>1,378</b>	<b>120</b>	<b>1,674</b>	<b>21,633</b>	<b>24,805</b>
<b>Depreciation</b>					
At 1 April 2017	411	118	458	6,450	7,437
Charge	94	32	190	2,445	2,761
Disposals	—	(82)	—	(104)	(186)
<b>At 31 March 2018</b>	<b>505</b>	<b>68</b>	<b>648</b>	<b>8,791</b>	<b>10,012</b>
<b>Net book value</b>					
<b>At 31 March 2018</b>	<b>873</b>	<b>52</b>	<b>1,026</b>	<b>12,842</b>	<b>14,793</b>
At 31 March 2017	238	48	661	11,772	12,118

**12 INTANGIBLES**

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
<b>Cost</b>				
At 1 April 2017	6,175	633	—	6,808
Additions	—	738	165	903
Disposals	—	—	—	—
<b>At 31 March 2018</b>	<b>6,175</b>	<b>1,371</b>	<b>165</b>	<b>7,711</b>
<b>Depreciation</b>				
At 1 April 2017	—	292	—	292
Charge	—	118	12	130
Disposals	—	—	—	—
<b>At 31 March 2018</b>	<b>—</b>	<b>410</b>	<b>12</b>	<b>422</b>
<b>Net book value</b>				
<b>At 31 March 2018</b>	<b>6,175</b>	<b>961</b>	<b>153</b>	<b>7,289</b>
At 31 March 2017	6,175	341	—	6,516

The goodwill arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012 and reflects the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased. Goodwill is assessed for impairment by comparing the carrying value to value-in-use calculations. Values have been estimated using cash flow projections based on detailed budgets and forecasts over the period to 31 March 2019, with a growth rate of 2% and a discount rate of 10% applied, being the Directors' estimate of the Group's cost of capital, with no terminal value. The budgets and forecasts are based on historical data and the past experience of the Directors as well as the future plans of the business. The Directors do not consider goodwill to be impaired.

**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS CONTINUED**  
**YEAR ENDED 31 MARCH 2018**

**13 INVESTMENTS**

**Company  
2018  
£000**

Subsidiary undertakings	<b>539</b>
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All of the subsidiaries have been included in the consolidated financial statements. The subsidiaries held during the year are set out below:

Subsidiary	Principal activity	Country of incorporation	% shares
Kast Retail Limited	Operating standalone clothing stores in the UK	UK	100
Kast International Spain SL	Operating standalone clothing stores in Spain	Spain	100
Kast Services Limited	Holds intellectual property for the QUIZ Group	UK	100
Shoar (Holdings) Limited	Holding company	UK	100
Tarak Retail Limited	Operating concessions on department stores in the UK	UK	100
Tarak International Limited	Online sales, concessions and franchise stores outwith the UK	UK	100

All shares held by the Company are ordinary equity shares.

**14 INVENTORIES**

**2018  
£000**      2017  
£000

Finished goods and goods for resale	<b>14,717</b>	9,312
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There is no material difference between the balance sheet value of stocks and their replacement cost.

**15 TRADE AND OTHER RECEIVABLES**

	<b>Group 2018 £000</b>	Group 2017 £000	<b>Company 2018 £000</b>
Trade receivables – gross	<b>6,701</b>	6,581	—
Allowance for doubtful debts	<b>(340)</b>	(50)	—
Trade receivables – net	<b>6,361</b>	6,531	—
Other receivables	<b>584</b>	590	—
Prepayments and accrued income	<b>2,829</b>	2,330	—
Amounts owed by Group companies	—	—	<b>5,189</b>
Amounts owed by related parties	—	1,282	—
	<b>9,774</b>	10,733	<b>5,189</b>

The Directors consider that the fair value of trade and other receivables is not materially different from the carrying value.

**16 TRADE AND OTHER PAYABLES**

	<b>Group 2018 £000</b>	Group 2017 £000	<b>Company 2018 £000</b>
Trade payables	<b>7,479</b>	5,585	<b>11</b>
Other taxes and social security costs	<b>394</b>	502	<b>35</b>
Accruals	<b>3,094</b>	3,124	—
Deferred income	<b>578</b>	177	<b>84</b>
Other creditors	<b>500</b>	294	—
Amounts owed to Group companies	—	—	<b>103</b>
Amounts due to related parties	<b>45</b>	50	<b>8</b>
	<b>12,090</b>	9,732	<b>241</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the fair value of trade and other payables is not materially different from the carrying value.



**17 LOANS AND BORROWINGS**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>
Bank loans	<b>294</b>	969	—
Bank overdrafts	<b>388</b>	2,543	—
Directors' loans	—	555	—
	<b>682</b>	4,067	—
Current	<b>641</b>	3,788	—
Non-current	<b>41</b>	279	—
	<b>682</b>	4,067	—

Bank loans, overdrafts and other credit facilities are secured by an unlimited multilateral and cross-company guarantee given by Kast Retail Limited and Tarak International Limited and also by a limited guarantee given by, and by a floating charge over the assets of, Kast Retail Limited and Tarak International Limited. The bank also holds a right of set-offs between Kast Retail Limited and Tarak International Limited.

In addition, bank overdrafts and other credit facilities are secured by a bond and floating charge from Tarak Retail Limited over the whole of its property and undertakings.

Bank overdrafts are annual facilities, subject to review at various dates during 2018 and 2019, and are repayable on demand.

Borrowings are denominated and repaid in Pounds Sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

**18 DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>
Foreign currency options	<b>5</b>	15

Forward foreign exchange contracts are used to hedge exposure to fluctuations in foreign exchange rates that arise in the normal course of the Group's business.

As at 31 March 2018, the Group had commitments to buy the equivalent of £2,550,000 of Chinese Renminbi (FY 2017: £940,000) and sell the equivalent of £1,140,000 of Euros (FY 2017: £630,000).

**19 DEFERRED TAX**

The following is an analysis of the deferred tax liabilities, net of deferred tax assets:

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>
<b>Accelerated capital allowances</b>		
Balance brought forward	<b>574</b>	399
(Credit)/charge to income statement	<b>(112)</b>	174
Effect of foreign exchange rates	<b>2</b>	1
<b>Balance at end of period</b>	<b>464</b>	574
Other short-term timing differences	—	—
Balance brought forward	—	—
Credit to income statement	<b>(52)</b>	—
<b>Balance at end of period</b>	<b>(52)</b>	—
<b>Total deferred tax liability at end of period</b>	<b>412</b>	574

There is no unprovided deferred tax in the current period for the Group (FY 2017: £Nil).

**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS CONTINUED**  
YEAR ENDED 31 MARCH 2018

**20 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. The derivative liability, which is measured at fair value, is level 2 in the fair value hierarchy as disclosed in note 18.

	<b>Group 2018 £000</b>	<b>Group 2017 £000</b>	<b>Company 2018 £000</b>
<b>Category of financial instruments</b>			
Carrying value of financial assets:			
Cash and cash equivalents	<b>9,883</b>	2,059	<b>9,341</b>
Trade and other receivables	<b>6,945</b>	8,403	<b>189</b>
<b>Total financial assets</b>	<b>16,828</b>	10,462	<b>9,530</b>
Carrying value of financial liabilities:			
Trade and other payables	<b>(7,446)</b>	(5,929)	<b>(11)</b>
Bank and other borrowings	<b>(682)</b>	(4,067)	<b>—</b>
<b>Total financial liabilities</b>	<b>(8,128)</b>	(9,996)	<b>(11)</b>

The fair value and carrying value of financial instruments have been assessed and there is deemed to be no material differences between fair value and carrying value.

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.

**21 SHARE CAPITAL AND RESERVES**

	<b>2018 £000</b>	<b>2017 £000</b>
Share capital – allotted, called up and fully paid		
124,230,905 ordinary shares of 0.3 pence each (FY 2017: 124,230,905)	<b>373</b>	373
Share premium	<b>10,315</b>	10,315

**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.

Prior to this date the Company had issued 117,647,054 ordinary shares of 0.3 pence each 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 31 March 2018 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693.

**Share premium**

The share premium reserve contains the premium arising on the issue of equity shares, net of issue expenses incurred by the Company. The 6,583,851 ordinary shares of 0.3 pence each with a nominal value of £19,752 on 28 July 2017 were issued at a price of 161 pence per share giving rise to share premium of £10,315,248 (net of expenses).

**Merger reserve**

The merger reserve arose on the purchase of the subsidiaries, Kast Retail Limited, Tarak International Limited and Shoar (Holdings) Limited. The merger reserve represents the difference between the cost value of the shares acquired less the cost value of the shares issued for the purchase of each company and the stamp duty payable in respect of these transactions.

**Retained earnings**

The movement on retained earnings is as set out in the statement of changes in equity. Retained earnings represent cumulative profits or losses, net of dividends and other adjustments.

## 22 SHARE-BASED PAYMENTS

The movement in awards during the year was:

	CSOP	ESOP	Warrants	Total
Opening balance	—	—	—	—
Granted during the year	582,786	323,601	186,335	1,092,722
Lapsed during the year	(14,693)	—	—	(14,693)
	<b>568,093</b>	<b>323,601</b>	<b>186,335</b>	<b>1,078,029</b>

All share options were valued using the Black-Scholes model. Expected volatility was determined by management, using comparator volatility as a basis. The expected life of the options was determined based on management's best estimate. The expected dividend yield was based on the anticipated dividend policy of the Company over the expected life of the options. The risk-free rate of return input into the model was a zero-coupon government bond with a life in line with the expected life of the options.

The inputs to the model were as follows:

	CSOP and ESOP	Warrants
Weighted average share price	160.9p	160.9p
Weighted average exercise price	161.0p	80.5p
No. of employees	61	1
Shares under option	891,694	186,335
Expected volatility	31.4%	31.4%
Expected life (years)	4	2
Risk-free rate	0.5%	0.5%
Possibility of ceasing employment before vesting	10%	10%
Expectations of meeting performance criteria	100%	100%
Expected dividend yield	2.0%	2.0%

The Group recognised a total expense of £188,000 during the year (FY 2017: £Nil) relating to equity-settled share-based payments, including employer's National Insurance contributions of £26,000 (FY 2017: £Nil).

### Company Share Option Plan ("CSOP")

The Group operated a share option scheme during the period for certain employees under the CSOP, which allows tax advantaged options to be granted over the Company's shares to selected employees of the Group. The different options vest after three years and have an exercise life between three and ten years from grant date. The exercise of the options is subject to continued employment over the vesting period.

### Executive Share Option Plan ("ESOP")

The Group operated a share option scheme during the period for certain employees under the ESOP, which allows non-tax advantaged options to be granted over the Company's shares to selected employees of the Group. The different options vest after three years and have an exercise life between three and ten years from grant date. The exercise of the options is subject to continued employment over the vesting period.

### Warrants

The Company entered into a Warrant Instrument with its Chairman, Peter Cowgill, dated 18 July 2017, pursuant to which Peter Cowgill may subscribe for up to 186,335 ordinary shares exercisable in whole or in part at a subscription price equal to 80.5 pence. The warrants are exercisable until the earlier of (i) their full exercise, (ii) Peter Cowgill ceasing to be a Director, or (iii) a takeover of the Company.

## 23 CASH AND CASH EQUIVALENTS

	Group 2018 £000	Group 2017 £000	Company 2018 £000
Cash	<b>9,883</b>	2,059	<b>9,341</b>
Bank overdraft	<b>(388)</b>	(2,543)	—
	<b>9,495</b>	(484)	<b>9,341</b>



**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS CONTINUED**  
YEAR ENDED 31 MARCH 2018

**24 FINANCIAL COMMITMENTS**

**Capital commitments**

The Group has capital commitments of £391,000 at 31 March 2018 (FY 2017: £Nil) which were not provided for in the financial statements.

**Operating leases**

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases which fall due as follows:

	2018 £000	2017 £000
Within one year	5,840	5,941
From two to five years	11,189	14,393
In more than five years	899	1,162
	<b>17,928</b>	<b>21,496</b>

**25 FINANCIAL RISK MANAGEMENT**

The Group has exposure to credit, liquidity and market risk from its operations.

**Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and connected companies.

The carrying amount of financial assets represents the maximum credit exposure.

**Trade and other receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. The risk associated with receivables is mitigated by obtaining Standby Letters of Credit relating to a number of outstanding balances.

The maximum exposure to credit risk for trade receivables by geographic region was as follows:

	2018 £000	2017 £000
United Kingdom	3,666	3,070
Rest of the world	3,035	3,461
	<b>6,701</b>	<b>6,531</b>

The ageing of trade receivables that were not impaired was as follows:

	2018 £000	2017 £000
Neither past due nor impaired	3,339	3,619
Past due 1–30 days	906	517
Past due 31–90 days	1,753	2,150
Past due more than 91 days	363	245
	<b>6,361</b>	<b>6,531</b>

The movement in the provision for impairment of receivables in the period was as follows:

	2018 £000	2017 £000
Opening provision	50	—
Release in the year	(50)	—
Provided for in the year	340	50
<b>Closing provision</b>	<b>340</b>	<b>50</b>

**25 FINANCIAL RISK MANAGEMENT CONTINUED****Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Based on current cash flow projections, the Group expects to have sufficient headroom against its borrowing facilities.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted and include estimated interest repayments.

	Contractual cash flows			
	Total £000	2 months or less £000	2–12 months £000	More than 1 year £000
<b>31 March 2018</b>				
Trade payables	7,479	7,479	—	—
Other payables	5,004	5,004	—	—
Loans and borrowings	294	65	188	41
	<b>12,777</b>	<b>12,548</b>	<b>188</b>	<b>41</b>
<b>31 March 2017</b>				
Trade payables	5,585	5,416	169	—
Other payables	4,716	4,716	—	—
Loans and borrowings	3,513	2,610	624	279
	<b>13,814</b>	<b>12,742</b>	<b>793</b>	<b>279</b>

**Interest rate risk**

The loans and borrowings are sensitive to changes in interest rates. A 50 basis point change in the base rate would have an impact of £10,000 on the profit for the year ended 31 March 2018 (FY 2017: £18,000).

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Group's income or the value of their holdings of financial instruments. The objective of foreign currency risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

The Group is exposed to currency risk to the extent that there is a fluctuation in the foreign exchange rate between the date of the transaction and the date when amounts are paid. The functional currency of the Group is Sterling, but it receives some revenues in Euros and makes some purchases in Chinese Renminbi. As at 31 March 2018, about 18% (FY 2017: 39%) of the Group's trade receivables balances were denominated in Euros and 5% (FY 2017: 5%) of the Group's trade payable balances were denominated in Chinese Renminbi.

The summary quantitative data about the Group's exposure to currency risk is as follows:

	Trade receivables £000	Trade payables £000	Net exposure £000
<b>31 March 2018</b>			
Euros	1,199	219	980
Chinese Renminbi	—	359	359
<b>31 March 2017</b>			
Euros	2,523	58	2,465
Chinese Renminbi	—	388	388

**NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS CONTINUED**  
**YEAR ENDED 31 MARCH 2018**

**25 FINANCIAL RISK MANAGEMENT CONTINUED**

**Market risk** continued

The following significant exchange rates have been applied during the year:

	Average rate 2018	Year-end spot rate 2018	Average rate 2017	Year-end spot rate 2017
Euros	<b>1.13</b>	<b>1.14</b>	1.19	1.17
Chinese Renminbi	<b>9.00</b>	<b>9.00</b>	9.50	9.50

**Sensitivity to market risk**

The Group is mainly exposed to fluctuations in the Euro, which impacts revenues received. If the Euro exchange rate, on average through the period, weakened/strengthened by 10% and all other variables were held constant, the Group's profit for the period ended 31 March 2018 would increase/decrease by £164,000 and £135,000 respectively (FY 2017: £136,000 and £112,000). This has been calculated by applying the amended currency rate to the Euro value of financial assets and financial liabilities held at the period end; an amended rate has not been applied to Euro purchases in the period as they have been effectively hedged against currency fluctuations via forward contracts.

**26 RELATED PARTY TRANSACTIONS**

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

**Related party transactions with connected companies**

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 in 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	
	2018 £000	2017 £000	2018 £000	2017 £000
Big Blue Concepts Limited	—	—	<b>168</b>	120
Tarak Manufacturing Limited	—	—	<b>199</b>	112

	Balance owed to		Balance due from	
	2018 £000	2017 £000	2018 £000	2017 £000
Big Blue Concepts Limited	—	—	—	364
Koast Investments Limited	—	—	—	774
Tarak Manufacturing Limited	<b>36</b>	54	—	143

Since 28 July 2018 the charges from Big Blue Concepts Limited and Tarak Manufacturing Limited solely relate to the rental of the Group's distribution centre and head office respectively. These leases were entered into further to the Independent Non-Executive Directors of the Company having received independent legal advice and independent commercial real estate advice and being satisfied that they reflect arm's length legal and commercial terms.

**Remuneration of key management personnel**

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. The Directors' Remuneration Report on pages 43 to 45 of this Annual Report provides further information regarding the remuneration of individual Directors.

	2018 £000	2017 £000
Short-term employment benefits	<b>545</b>	182
Post-employment benefits	<b>37</b>	33
Share-based payments	<b>188</b>	—
	<b>770</b>	215

**SHAREHOLDER INFORMATION****DIRECTORS**

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Tarak Ramzan  
Sheraz Ramzan  
Gerard Sweeney  
Charlotte Rose O'Sullivan  
Roger Thomas Mather

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Gerard Sweeney

**ASSISTANT COMPANY SECRETARY**

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AND ENGLISH LAW**

Dentons LLP  
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**LEGAL COUNSEL RE JERSEY LAW**

Mourant Ozannes LP  
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