27 November 2018

QUIZ

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

Interim Results
for the six months ended 30 September 2018

Continued brand growth despite challenging market conditions

QUIZ, the omni-channel fast fashion brand, is pleased to announce its unaudited interim results for the six months ended 30 September 2018 ("H1 2019").

Financial highlights:

	Six months to 30 September 2018 (unaudited)	Six months to 30 September 2017 (unaudited)	Change
Group Revenue	£66.7m	£56.1m	+19%
EBITDA	£5.6m	£5.0m	+11%
Underlying[1] EBITDA	£5.9m	£6.1m	-2%
Profit Before Tax	£3.8m	£3.7m	+4%
Underlying[1] Profit Before Tax	£4.2m	£4.7m	-11%
Net cash at period end	£12.5m	£11.9m	+£0.6m
Basic EPS	2.46p	2.35p	+5%
Underlying Basic EPS[2]	2.70p	3.19p	-15%

- Group revenue increased 19% period on period driven by continued growth across all channels despite challenging external market conditions:
  - Online revenue increased 44% to £20.0m (H1 2018: £13.8m)
  - International sales[3] increased 16% to £11.6m (H1 2018: £10.0m)
  - Revenue from UK stores and concessions increased 9% to £35.1m (H1 2018: £32.3m)
- EBITDA increased 11% period on period to £5.6m (H1 2018: £5.0m)
- Strong operating cash flows of £6.8m (H1 2018: £5.8m)

Operational highlights:

- Online sales now represent 30% of Group sales (H1 2018: 25%)
- QUIZ website sales up 70% and QUIZ website traffic increasing by 58% year on year reflecting effective marketing and improved conversion rates
- Active[4] online customer base increased 89% period on period to 495,000 with continued positive trends in social media engagement
- Two further stores and thirteen concessions opened during the period

- Extended collections including QUIZCurve and Occasion continuing to achieve good growth
- QUIZMAN successfully launched in the period
- Second QUIZ X TOWIE collection launched supported by the brand's first ever national TV advertising campaign

Tarak Ramzan, Founder and Chief Executive Officer, commented:
"QUIZ has continued to deliver good revenue growth in the first half of the financial year despite challenging external market conditions. This performance was driven by further expansion across each of the brand's distribution channels with particularly strong sales generated online through QUIZ's websites.

"The QUIZ brand continues to grow, and we have seen good sales momentum in our core collections as well as across extended ranges including QUIZCurve, Occasion and our newest range, QUIZMAN. Towards the end of the period we launched our second collaboration with TOWIE supported by the Group's first ever national TV advertising campaign.

"QUIZ has a clear customer focus, a proven "test and repeat" model and a dedicated management team. With these strengths, and despite a challenging market environment, the Board believes the Group is well positioned to deliver long-term profitable growth."

1. Underlying EBITDA and Profit Before Tax: excludes the £0.4m bad debt provision arising from the House of Fraser Administration in the current year and in prior year the £1.0m cost of admission to AIM and the Group reorganisation undertaken prior to admission. A reconciliation to reported (IFRS) results is included in the financial review below.
2. Underlying EPS: underlying PBT less tax at statutory rate divided by the number of shares on a pro forma basis, i.e. assuming that the number of shares in issue immediately post-IPO were in issue through the entire comparative period.
3. International sales comprise the results from QUIZ standalone stores and concessions in the Republic of Ireland, standalone stores in Spain and franchises in 20 countries.
4. An active customer is a customer registered on our database who has transacted in the last 12 months.
5. Financial information in the front of this report has been rounded to the nearest decimal place. Totals in the tables may not equal the arithmetic sum of presented numbers. Percentages are calculated on non-rounded numbers and may not conform to the percentage derived from the rounded components.

Analyst meeting:
A meeting for sell-side analysts will be held at the offices of Hudson Sandler, 25 Charterhouse Square London EC1M 6AE 27 November 2018, commencing at 9.30am. QUIZ plc's interim results 2018 are available at quizgroup.co.uk

Enquiries:

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

QUIZ delivers a distinct proposition that empowers fashion forward customers to stand out from the crowd.

QUIZ's buying and design teams constantly develop its own product lines, ensuring the latest glamorous looks at value prices. This fast, flexible supply chain, together with the winning formula of style, quality, value and speed-to-market has enabled QUIZ to grow rapidly into an international brand with more than 300 standalone stores, concessions, franchise stores, wholesale partners and international online partners.

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

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For further information:
https://www.quizclothing.co.uk/
http://www.quizgroup.co.uk/

CHIEF EXECUTIVE'S REPORT

QUIZ has continued to deliver revenue growth in the first half of the financial year to 31 March 2019 despite challenging external market conditions. This performance was driven by further expansion across each of the brand's distribution channels with particularly strong sales generated from our own websites.

As reported in the Group's trading update on 5th October 2018, online sales through third party websites were below our expectations for the period and were at a similar level as the prior year. We are working with our third-party online partners to address this trend. During the period the Group has invested to support the long-term growth plans of the business in areas such as additional headcount in key functions and the expansion of the distribution centre. Given the lower than previously anticipated sales, the increase in gross profit was not sufficient to compensate for the higher operating costs incurred. As a result, the underlying profit before tax is lower than the prior year.

The QUIZ brand continues to strengthen with continued sales momentum in our core collections as well as positive reactions to our extended collections including QUIZCurve, Occasion and our newest range, QUIZMAN. We continue to have a clear customer focus, a proven "test and repeat" model and a dedicated management team.

RESULTS OVERVIEW

Throughout this report, "underlying" results exclude the one-off impact in the period of a £0.4m bad debt provision resulting from House of Fraser's entry into administration. In the comparable prior year period, underlying results exclude costs of £1.0m relating to the IPO transaction and the Group's restructuring undertaken prior to the IPO. A reconciliation between underlying and reported results is provided at the end of the Financial Review.

Group revenue increased 19% to £66.7m in H1 2019 (H1 2018: £56.1m). Operating profit increased 4% to £3.8m (H1 2018: £3.7m) and EBITDA increased 11% to £5.6m (H1 2018: £5.0m). Underlying operating profit decreased 11% to £4.2m (H1 2018: £4.7m) and underlying EBITDA declined by 2% to £5.9m (H1 2018: £6.1m). The underlying EBITDA margin for the period was 8.9% (H1 2018: 10.8%).

Reported profit before tax increased 4% to £3.8m (H1 2018: £3.7m). Underlying profit before tax decreased 11% to £4.2m (H1 2018: £4.7m).

Earnings per share rose 5% to 2.46pence (H1 2018: 2.35pence). Underlying earnings per share were 2.70pence (H1 2018: 3.19pence).

Net cash at the period end was £12.5m (H1 2018: £11.9m) which reflects the strong cash generation in the period. Capital expenditure in H1 2019 amounted to £2.7m (H1 2018: £2.6m).

OPERATIONAL REVIEW

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

The growth in each revenue channel in H1 2019 was as follows:

	Six months to 30 September 2018	Six months to 30 September 2017	Year-on-year growth	Share of revenue H1 2019	Share of revenue H1 2018
UK stores and concessions	£35.1m	£32.3m	+ 9%	53%	57%
Online	£20.0m	£13.8m	+ 44%	30%	25%
International	£11.6m	£10.0m	+ 16%	17%	18%
Total	£66.7m	£56.1m	+ 19%	-	-

UK stores and concessions

QUIZ's stores and concessions in the UK continued to perform well and they remain an important pillar of the Group's growth strategy by driving sales and profits, building customer awareness and showcasing the brand.

UK standalone stores and concessions sales increased by 9% to £35.1m (H1 2018: £32.3m) reflecting a particularly strong performance during the Summer months and increased overall footfall in our stores across the period. However, as reported in the Group's trading update on October 5th September was a challenging month for our business as well as, the Board believes, the fashion market generally.

The challenges affecting the performance of some of our UK concession partners have been widely publicised. However, for QUIZ, the concession model remains very flexible and attractive with limited capital expenditure required. Our most recent concessions which have been opened for more than a year have, on average, achieved the Group's targeted payback period of 12 months or less.

UK stores and concessions square footage at 30 September 2018 was 200,000 sq. ft. (30 September 2017: 185,000 sq. ft.). At the end of the period, QUIZ had 70 stores and 160 concessions in the UK (30 September 2017: 67 stores and 145 concessions).

We continue to strengthen our store estate and concession portfolio and opened two new standalone stores in Bluewater and Oxford as well thirteen new concessions with existing partners during the period. For new stores five-year leases continue to minimise the Group's exposure to upward rent reviews. The Group's new stores which have been opened for a two-year period have, on average, achieved our targeted payback period of 24 months or less. We continue to actively manage our store portfolio and, further to the expiry of their leases, stores in Cumbernauld and Burton on Trent were closed.

Since the period end, QUIZ has opened a further store in Liverpool and nine new concessions with existing UK partners. In addition, we relocated our store in the Metro Centre in Newcastle and will relocate our Glasgow Fort store prior to Christmas to larger and refurbished units.

The majority of the concessions opened during and after the period are in Outfit stores and are typically smaller than our average concession and are not staffed by QUIZ employees.

Online
Online revenue, which reflects sales made through QUIZ's own websites as well as through a number of third-party websites in the UK and international markets, increased by 44% to £20.0m (H1 2018: £13.8m) and represented 30% of Group sales (H1 2018: 25%). Of the £20.0m of online sales generated in H1 2019, £1.5m was generated from international markets (H1 2018: £1.1m).

Sales through QUIZ's own website increased by 70% supported by further investment in marketing which is effectively increasing customer awareness of the brand. We continued to see positive trends in KPIs across QUIZ's website with traffic increasing by 58% and conversion rates up by 8 percent relative to the comparable prior year period. Active online customers increased by 89% to 495,000 (30 September 2017: 262,000) and we saw good progress in other key metrics including shopping frequencies and basket size.

We continue to invest in our own websites and the new Android and iOS apps, launched during the previous year, are performing well. These apps are improving integration between our product, social media and advertising campaigns and providing users with improved brand experience on their mobiles. In addition, we have implemented a new CRM system which will allow us to collate better information on customers both online and instore which will enable a more personalised experience for our customers. We continue to expand the payment options available for online with Buy Now Pay Later and an Annual Delivery Pass due to be launched before the end of the financial year.

Third party online sales remain an important part of our online business and are beneficial in broadening awareness and the appeal of the QUIZ brand. We continue to receive positive feedback with regards to our product and our performance on these websites relative to others and we are working with our third-party partners to stabilise and grow sales.

As reported in our October 5th trading update, sales generated through third-party websites during the period were at a similar level to the prior year, which was behind our initial expectations. In FY 2018, we benefited from exceptional growth from these channels as we began trading with Next and Zalando. Since the period end, third party online sales have remained in-line with the prior year.

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

Awareness of the QUIZ brand in target international markets continued to strengthen resulting in a 16% increase in revenue to £11.6m (H1 2018: £10.0m). This growth in revenues is evenly split between increased revenues from our franchise partners and increased revenue from our stores and concessions in the Republic of Ireland and Spain.

We opened two new concessions in the Republic of Ireland during the period and one after the period-end. As a result, QUIZ now has seven stores and 23 concessions in the Republic of Ireland.

We are pleased with the sales made to a US department store chain which started earlier in the year. We remain optimistic about QUIZ's long-term potential in the US and look forward to developing further growth opportunities.

ROI focused marketing

Targeted and effective marketing spend is key to maintaining revenue growth across the Group and we continue to increase our returns-driven marketing investment to support QUIZ's expansion. These activities include celebrity collaborations, search engine optimisation, pay per click, social media campaigns, digital and above the line advertising and PR.

In May 2018, QUIZ partnered with popular television programme The Only Way is Essex (TOWIE) to create its first male and female capsule collections in collaboration. Further to the success of this activity we undertook a further campaign with TOWIE which started in September. These activities have been supported by a programme of in-store, media and influencer events plus offline marketing such as advertising on the London Underground and our first national television advertising campaign.

In addition, the Group has increased investment in international marketing, primarily to support the launch the brand in the US with digital marketing activity and influencer outreach campaigns.

As a result, marketing investment increased 74% to £1.7m (H1 2018: £1.0m). However, it remains a low proportion of total revenue at 2.6% (H1 2018: 1.8%) and we continue to see scope to increase marketing investment both in absolute terms and as a proportion of revenue in order to support the brand's long-term growth. This investment has supported improvements in the brand's social media engagement with 62% and 31% increases in our Instagram and Facebook audiences respectively.

Investment in infrastructure

To ensure that our infrastructure can continue to support our targeted growth we have expanded the available space at our Distribution Centre. During the six months to 30 September 2018, the available space has been increased by 40,000 sq ft to 232,000 sq. ft. This was achieved by utilising previously unused floor space. In addition, a new mezzanine structure was also built which, once floored, will provide an additional 40,000 sq. ft. of space.

OUTLOOK AND CURRENT TRADING

The QUIZ brand is distinctive, has broad appeal and is increasingly recognised by a growing customer base for selling quality occasion wear and dressy casual wear at fantastic value. The continued expansion of QUIZ through our own websites as well as the growth we have delivered through our standalone stores is encouraging and confirms the appeal of the brand as well as the benefits of the Group's omni-channel model.

Since the end of H1 2019 we have continued to grow Group sales. In the eight weeks to 24 November 2018, sales (excluding international franchise sales which are wholesale in nature and therefore, can fluctuate from month to month) are up 10% year on year. This growth has been underpinned by particularly strong sales growth through the brand's own websites of 62%.

Whilst the Group's full year results will, as always, be in part dependent on trading during the key Christmas period, we believe the Group is well positioned to deliver long-term profitable growth.

FINANCIAL REVIEW

Gross margin

Gross margin generated was in line with expectations at 62.0% (H1 2018: 63.5%) with the reduction partially reflecting the change in mix in the business. We continue to manage gross margins through a combination of efficient sourcing as well as maximising sales of full price product through careful stock management.

Foreign currency hedging

The Group currently undertakes foreign exchange transactions.

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

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

Operating costs

Operating costs increased by 17% in H1 2019 from £32.0m to £37.5m. Excluding the provisions in respect of balances owed from House of Fraser in the current year and IPO costs incurred in the prior year operating costs rose 20% and represented 55.7% of revenue (H1 2018: 55.1%).

Underlying administrative costs increased by 22% to £25.4m (H1 2018: £20.8m) reflecting higher personnel and marketing costs in H1 2019.

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

The Group continues to increase the level of marketing activity undertaken with the benefits reflected in 70% uplift in level of online sales through the QUIZ websites. Marketing spend in H1 2019 amounted to £1.7m (H1 2018: £1.0m).

Distribution costs increased 16% to £11.8m (H1 2018: £10.2m). 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.

Depreciation and amortisation increased by 32% from £1.3m to £1.8m. This reflects the spend undertaken at our distribution centre, continued spend on IT projects and the continued rollout of new stores.

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 19.8% (H1 2018: 20.6%) which reflects the estimated charge for the year.

Earnings per share

Basic earnings per share for H1 2019 were 2.46pence per share (H1 2018: 2.35 pence).

The underlying basic earnings per share for H1 2019, which is calculated using the underlying profit before tax less tax at the effective statutory rate, were 2.70pence (H1 2018: 3.19 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, for the first half of 2018, to reflect the post-IPO capital structure. The pro forma assumes that the number of shares in issue post-IPO were in issue throughout the current and previous period.

Dividends

As set out in the 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 normally 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.

The Board propose to pay a dividend of 0.4 pence per share in respect of the period. This dividend will be paid on or around 14 March 2019 to shareholders on the register at 15 February 2019. The quantum of the final dividend will be set by the Board depending upon the full year outturn.

Cash flow and cash position

Net cash at the period end amounted to £12.5m (H1 2018: £11.9m), an improvement of £3.0m since 31 March 2018.

Net cash flow from operating activities was £6.8m (H1 2018: £5.8m). This reflects the improved working capital inflows of £2.1m (H1 2018: £0.6m).

We have continued to invest in the business in H1 2019 with capital expenditure totalling £2.7m (H1 2018: £2.6m). Included in this spend was expenditure on new stores and store refurbishments of £1.1m, £0.4m to expand capacity at the distribution centre and £0.3m for the development of more office space at Head Office.

Other capital spend in the period included continued IT investment with the development of our new CRM system and other spend to develop our online sales.

There were £0.2m of borrowings repaid in H1 2019 (H1 2018: £1.0m). The current year payments reflect the repayment of term loans previously drawn down to fund capital expenditure.

The strong cash position at H1 2019 will support our plans for growth going forward.

Reconciliation of Underlying and Reported (IFRS) results

In establishing the underlying operating profit, the cost adjusted in the current year relates to the bad debt provision arising from House of Fraser entering into Administration. The adjustment in the previous year related to the £1.0m cost of the Company's admission to AIM and the costs related to the pre-IPO restructuring of the Group.

A reconciliation between Underlying and Reported results is provided below:

	Six months to 30 September 2018 (unaudited)			Six months to 30 September 2017 (unaudited)		
	Underlying	House of Fraser Provision	Reported	Underlying	IPO costs	Reported
	£000	£000	£000	£000	£000	£000
Revenue	66,720	-	66,720	56,147	-	56,147
Gross profit	41,333	-	41,333	35,658	-	35,658
Other operating costs	(37,154)	(368)	(37,522)	(30,940)	(1,037)	(31,977)
Operating profit	4,179	(368)	3,811	4,718	(1,037)	3,681
Finance costs (net)	6	-	6	(4)	-	(4)
Profit before tax	4,185	(368)	3,817	4,714	(1,037)	3,677
Operating profit	4,179	(368)	3,811	4,718	(1,037)	3,681
Dep'n and amortisation	1,763	-	1,763	1,338		1,338
EBITDA	5,942	(368)	5,574	6,056	(1,037)	5,019

QUIZ plc
Unaudited consolidated income statement
For the six months ended 30 September 2018

	Notes	Unaudited six months ended 30 September 2018 £000	Unaudited six months ended 30 September 2017 £000	Audited year ended 31 March 2018 £000
Continuing operations				
Revenue	3	66,720	56,147	116,430
Cost of sales		(25,387)	(20,489)	(43,101)
Gross profit		41,333	35,658	73,329
Recurring administrative costs		(25,375)	(20,772)	(42,366)
Non-recurring administrative costs	4	(368)	(1,037)	(1,037)
Total administrative costs	5	(25,743)	(21,809)	(43,403)
Distribution costs		(11,781)	(10,175)	(21,369)
Other operating income		2	7	15
Total operating costs		(37,522)	(31,977)	(64,757)
Operating profit		3,811	3,681	8,572
Finance income		24	21	30
Finance costs		(18)	(25)	(53)
Profit before income tax		3,817	3,677	8,549
Income tax charge	6	(755)	(756)	(1,724)
Total comprehensive income for the period		3,062	2,921	6,825
Basic earnings per share	8	2.46p	2.35p	5.49p
Diluted earnings per share	8	2.46p	2.35p	5.49p

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

QUIZ PLC
Unaudited consolidated statement of financial position
As at 30 September 2018

	Notes	Unaudited as at 30 September 2018 £000	Unaudited as at 30 September 2017 £000	Audited as at 31 March 2018 £000
Assets				
Non-current assets				
Property, plant and equipment		15,492	13,096	14,793
Intangible assets		7,512	6,785	7,289
Total non-current assets	9	23,004	19,881	22,082
Current assets				
Inventories		13,667	11,421	14,717
Trade and other receivables	10	12,583	10,331	9,774
Cash and cash equivalents		12,475	11,907	9,883
Total current assets		38,725	33,659	34,374
Liabilities				
Current liabilities				
Trade and other payables	11	(15,784)	(12,046)	(12,090)
Loans and borrowings		(95)	(398)	(641)
Derivative financial liabilities		(8)	(7)	(5)
Corporation tax payable	11	(1,013)	(2,154)	(1,127)
Total current liabilities		(16,900)	(14,605)	(13,863)
Non-current liabilities				
Loans and borrowings		-	(91)	(41)
Deferred tax liabilities		(531)	(621)	(412)
Total non-current liabilities		(531)	(712)	(453)
Net assets		44,298	38,223	42,140
Equity				
Called up share capital	13	373	373	373
Share premium		10,315	10,315	10,315
Merger reserve		915	915	915
Translation reserve		183	170	145
Retained earnings		32,512	26,450	30,392
Total equity		44,298	38,223	42,140

QUIZ PLC
Unaudited consolidated statement of changes in equity
For the six months ended 30 September 2018

	Notes	Unaudited as at 30 September 2018 £000	Unaudited as at 30 September 2017 £000	Audited as at 31 March 2018 £000
Share capital				
Balance at beginning of period		373	1,454	1,454
Impact of Group reconstruction		-	(1,095)	(1,095)
New shares issued		-	20	20
Shares cancelled on conversion of shares		-	(6)	(6)
Balance at end of period		373	373	373
Share premium				
Balance at beginning of period		10,315	-	-
New shares issued (net of expenses)		-	10,315	10,315
Balance at end of period		10,315	10,315	10,315
Merger reserve				
Balance at beginning of period		915	-	-
Impact of Group reconstruction		-	915	915
Balance at end of period		915	915	915
Translation reserve				
Balance at beginning of period		145	98	98
Foreign exchange gain on non UK assets		38	72	47
Balance at end of period		183	170	145
Profit and loss account				
Balance at beginning of period		30,392	23,373	23,373
Credit arising on conversion of shares		-	6	6
Total comprehensive income		3,062	2,921	6,825
Share based payments charge		52	150	188
Dividends		(994)	-	-
Balance at end of period		32,512	26,450	30,392
Total equity at beginning of period		42,140	24,925	24,925
Total equity at end of period		44,298	38,223	42,140

QUIZ PLC
Unaudited consolidated statement of changes of cash flows
For the six months ended 30 September 2018

	Note	Unaudited six months ended 30 September 2018 £000	Unaudited six months ended 30 September 2017 £000	Audited year ended 31 March 2018 £000
Cash flows from operating activities				
Cash generated by operations				
Operating profit		3,811	3,681	8,572
Depreciation of tangible assets		1,656	1,296	2,761
Amortisation of intangible assets		107	42	130
Share based payment charges		52	150	188
Exchange movement		33	62	37
Decrease/(increase) in stocks		1,050	(2,109)	(5,405)
(Increase)/decrease in debtors		(2,809)	402	959
Increase in creditors		3,697	2,279	2,358
Increase/(decrease) in provisions		120	47	(162)
Net cash from operating activities		7,717	5,850	9,438
Interest paid		(18)	(25)	(63)
Income taxes paid		(870)	-	(2,023)
Net cash generated in operating activities		6,829	5,825	7,352
Cash flow from investing activities				
Payments to acquire intangible assets		(330)	(310)	(903)
Payments to acquire property, plant and equipment		(2,355)	(2,274)	(5,435)
Payments to facilitate Group reconstruction		-	(180)	(180)
Interest received		24	21	30
Net cash used in investing activities		(2,661)	(2,743)	(6,488)
Cash flows from financing activities				
Repayment of borrowings		(198)	(1,036)	(1,231)
Net proceeds from share issue		-	10,335	10,335
Dividends paid		(994)	-	-
Net cash (used)/ generated by financing activities		(1,192)	9,299	9,104
Net increase in cash and cash equivalents		2,976	12,381	9,968
Cash and cash equivalents at beginning of period		9,495	(484)	(484)
Effect of foreign exchange rates		4	10	11
Cash and cash equivalents at end of period	14	12,475	11,907	9,495

Basis of Preparation

1.1 Reporting Entity

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

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

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

1.2 Basis of Preparation

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

1.3 Pro-forma Comparatives

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

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

The Directors considered the accounting policy 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' considered FRS 102 Section 19, which the directors believe reflects the economic substance of the transaction. Under this standard, assets and liabilities are recorded at book value, not fair value, intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the legal acquirer, no goodwill is recognised and comparative amounts, if applicable, are restated as if the combination had taken place at the beginning of the earliest accounting period presented. Therefore, although the group reconstruction did not take place until 5 April 2017, these interim financial statements are presented as if the group structure had always been in place, using merger accounting policies.

Consolidated statutory accounts for the year ended 31 March 2018 have been delivered to the Jersey Companies Registry. The auditor's report on those accounts was unqualified and did not include reference to any matters on which the auditors were required to report by exception under Companies (Jersey) Law 1991.

1.4 Significant Accounting Policies

The interim financial statements have been prepared in accordance with accounting policies that are consistent with those applied in the preparation of the 31 March 2018 annual accounts, which are available on www.quizgroup.co.uk. The following new or revised standards or interpretations apply to accounting periods beginning after 31 March 2018:

New or Revised Standards or Interpretation	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

Management are currently assessing the impact IFRS 16 Leases will have on the recognition of assets and related liabilities and the associated lease costs. Management do not consider that the other new or revised standards or interpretations would have a material effect on the interim statements for the period ended 30 September 2018.

1.5 Going concern

The directors have prepared trading and cash flow forecasts for a period of one year from the date of approval of these interim financial statements. The directors have a reasonable expectation that the Group has adequate cash headroom. Accordingly, they continue to adopt a going concern basis in preparing the financial statements of the Group.

2. Principal risks and uncertainties

The board considers the principal risks and uncertainties which could impact the group over the remaining six months of the financial year to 31 March 2019 to be unchanged from those set out on in the annual accounts on pages 30 to 32, which are available on www.quizgroup.co.uk.

In summary these relate to the loss of a key trading partner, brand and reputational risk, a changing economic environment, product sourcing, fashion and customer demands risk; the risk of disruption to IT systems or distribution networks; people, financial and regulatory risk.

3. Revenue

An analysis of revenue by geographical destination is as follows:

	Unaudited six months ended 30 September 2018 £000	**Unaudited six months ended 30 September 2017 £000**	**Audited year ended 31 March 2018 £000**
United Kingdom	53,421	44,984	92,894
Overseas	13,299	11,163	23,536
	66,720	56,147	116,430

4. Non-recurring administrative costs

Non-recurring administrative costs in the period ended 30 September 2018 related to £368k bad debt provision further to House of Fraser entering into Administration (H1 2018 - £1.0m related to Placing and Admission to AIM by the Company and the Group reorganisation undertaken in preparation of this process).

5. Operating profit

Operating profit is stated after charging:

	Unaudited six months ended 30 September 2018 £000	Unaudited six months ended 30 September 2017 £000	Audited year ended 31 March 2018 £000
Cost of inventories recognised as an expense	25,387	20,489	43,101
Distribution costs	11,781	10,175	21,369
Employment costs	11,826	9,449	19,779
Marketing cost	1,749	1,003	2,468
Depreciation	1,656	1,296	2,761
Amortisation	107	42	130
Operating lease payments	3,471	2,923	5,831
Non-recurring administrative costs	368	1,037	1,037
Share based payment charges	52	150	188
Other expenses	6,514	5,909	11,209
	62,911	52,473	107,873

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

6. Income Tax Expense

The Group's full year forecast effective tax rate in respect of continuing operations for the six months ended 30 September 2018 is 19.8% (six months ended 30 September 2017 – 20.6% and year ended 31 March 2018: 20.2%).

7. Dividends

A dividend of 0.8 pence per share was paid in the period (six months ended 30 September 2017 – £Nil, year ended 31 March 2018 - £Nil). The total payment amounted to £994,000.

8. Earnings per share

	Unaudited six months ended 30 September 2018 £000	Unaudited six months ended 30 September 2017 £000	Unaudited year ended 31 March 2018 £000
Number of shares:	No.	No.	No.
Weighted number of ordinary shares outstanding	124,230,905	124,230,905	124,230,905
Effect of dilutive options	119,367	200,179	93,127
Weighted number of ordinary shares outstanding- diluted	124,350,272	124,431,084	124,324,032
Earnings:	£000	£000	£000
Profit for H1 2018 – basic and diluted	3,062	2,921	6,825
Profit for H1 2018 – adjusted	3,357	3,958	7,862
Earnings per share:	Pence	Pence	Pence
Basic earnings per share	2.46	2.35	5.49
Adjusted earnings per share	2.70	3.19	6.33
Diluted earnings per share	2.46	2.35	5.49
Adjusted diluted earnings per share	2.70	3.18	6.32

The adjusted profit after tax for the current year is shown before the provision made for doubtful debts of £295k (net of tax) further to House of Fraser entering into Administration. The adjusted profit after tax and earnings per share for the previous year is shown before non-recurring costs (net of tax) of £1.0m. The directors believe that the adjusted profit after tax and the adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The adjusted profit after tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

9. Property, Plant and Equipment and Intangibles

During H1 2019 the Group made additions of £2.7m (H1 2018 £2.6m) and disposals of £Nil (H1 2018 £Nil).

10. Trade and other receivables

	Unaudited as at 30 September 2018 £000	Unaudited as at 30 September 2017 £000	Audited as at 31 March 2018 £000
Trade receivables – gross	6,247	6,512	6,701
Allowance for doubtful debts	(368)	(340)	(340)
Trade receivables - net	5,879	6,172	6,361
Other receivables	1,519	615	584
Prepayments and accrued income	5,182	3,518	2,829
Amounts owed by related parties	3	26	-
	12,583	10,331	9,774

11. Trade and other payables

	Unaudited as at 30 September 2018 £000	Unaudited as at 30 September 2017 £000	Audited as at 31 March 2018 £000
Trade payables	9,449	5,324	7,479
Other taxes and social security costs	1,913	1,213	394
Accruals	3,407	4,996	3,094
Deferred income	508	214	578
Other creditors	457	254	500
Amounts due to related parties	50	45	45
	15,784	12,046	12,090

12. Financial Instruments

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

	Unaudited as at 30 September 2018 £000	Unaudited as at 30 September 2017 £000	Audited as at 31 March 2018 £000
Category of Financial Instruments			
Carrying value of financial assets:			
Cash and cash equivalents	12,475	11,907	9,883
Trade and other receivables	7,401	6,813	6,945
Total financial assets	19,876	18,720	16,828
Carrying value of financial liabilities:			
Trade and other payable	(9,956)	(5,623)	(8,024)
Bank and other borrowings	(95)	(489)	(682)
Total financial liabilities	(10,051)	(6,112)	(8,706)

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

13. Share Capital

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

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

As a result of these transactions the issued share capital at 30 September 2017, 31 March 2018 and 30 September 2018 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693 which gave rise to share premium of £10.3m (net of expenses).

14. Cash and cash equivalents

	Unaudited as at 30 September 2018 £000	Unaudited as at 30 September 2017 £000	Audited as at 31 March 2018 £000
Cash	12,475	11,907	9,883
Bank overdraft	-	-	(388)
Balance at end of the period	12,475	11,907	9,495

15. Related party transactions

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

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

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

	Sales to			Purchased from		
	Unaudited six months ended 30 September 2018 £000	Unaudited six months ended 30 September 2017 £000	Audited year ended 31 March 2018 £000	Unaudited six months ended 30 September 2018 £000	Unaudited six months ended 30 September 2017 £000	Audited year ended 31 March 2018 £000
Tarak Manufacturing Limited	-	-	-	88	79	199
Big Blue Concepts Limited	-	-	-	84	72	168

	Balance owed to			Balance due from		
	Unaudited as at 30 September 2018 £000	Unaudited as at 30 September 2017 £000	Audited as at 31 March 2018 £000	Unaudited as at 30 September 2018 £000	Unaudited as at 30 September 2017 £000	Audited as at 31 March 2018 £000
Tarak Manufacturing Limited	50	45	45	3	26	-
Big Blue Concepts Limited	-	-	-	-	-	-