26 January 2021

QUIZ

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

Interim Results
for the six months ended 30 September 2020

COVID-19 related social restrictions and lockdown measures impact revenues; however, cost reductions and measures to preserve cash help offset impact

QUIZ, the omni-channel fast fashion brand, announces its unaudited interim results for the six months ended 30 September 2020 ("H1 2021" or the "Period").

Financial highlights:

	Six months to 30 September 2020 (unaudited)	Six months to 30 September 2019 (unaudited)
Group revenue	£17.2m	£63.3m
EBITDA	£12.8m	£5.8m
Underlying[1] EBITDA	(£3.4m)	£6.3m
Profit/(loss) before tax	£10.6m	(£6.7m)
Underlying[1] (loss)/profit before tax	(£5.6m)	£0.3m
Basic earnings/(loss) per share	9.62p	(4.44p)
Underlying (loss)/basic earnings per share[1]	(3.45p)	1.20p

A reconciliation between underlying and reported results is provided at the end of the Financial Review.

- Group revenue decreased 73% period on period in part as a result of the significant impact of the COVID-19 pandemic on trading conditions with stores and concessions closed for a number of months
- Non-cash gain of £16.2 million arising on administration of a subsidiary undertaken in the Period
- Increased level of discounting reflected in gross margin decreasing to 51.7% from 61.7% in H1 2020
- Underlying operating costs, net of government support payments, reduced by 62% reflecting management's decisive actions in response to the impact of the pandemic
- Underlying EBITDA loss of £3.4 million (H1 2020: profit of £6.3 million)
- Operating cash flows of £0.4 million (H1 2020: £4.9 million) and net cash at the period end of £5.5 million (FY to March 2020: £6.9 million)

Operational highlights:

- Store restructuring undertaken, resulting in lower rental costs and more flexible leases
- Group's store estate comprised 55 stores in the United Kingdom and four in the Republic of Ireland at the end of the Period, with five more opening in the United Kingdom subsequently
- Substantial cost reductions implemented in response to significant impact of COVID-19 pandemic on sales

Post-period events:

- Since 30 September 2020 revenues continue to be impacted by lower demand due to continued social restrictions and stores and concessions being subject to closure
- Stronger sales performance in December relative to other months when all sales channels were operating
- Net cash at 25 January 2021 of £3.0 million and £3.5 million of undrawn banking facilities

Tarak Ramzan, Founder and Chief Executive Officer, commented:

"As with other omni-channel retailers, QUIZ has faced significant challenges as a result of the COVID-19 pandemic. We have taken a number of actions to protect our customers and people, preserve liquidity, and restructure the size and cost base of our store estate to adjust to the new normal of retail.

Whilst we continue to rebalance our product offering towards more casual clothing reflecting near term customer demand, given our focus on occasion wear, demand for our products has been impacted significantly by the pandemic. However, we remain confident in the strength of our brand and are highly confident that demand for the brand's trademark occasion wear will recover when restrictions on social events are eased.

The Period covered by this statement was particularly challenging for the Group and its stakeholders and I would like to take this opportunity to reiterate my thanks to our colleagues and partners for their commitment, support and flexibility. We are confident that the actions taken to preserve liquidity and reduce our cost base mean that the Group can return to profitable growth as market conditions improve."

1. Underlying EBITDA, Profit Before Tax and EPS: excludes the non-recurring £16.2m gain arising on the administration of a subsidiary undertaking in the current year and the £7.0m non-recurring charge in respect of store impairments and onerous leases in the prior year. A reconciliation to reported (IFRS) results is included in the financial review below.
2. 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.
3. Financial information in the front of this report has been rounded to the nearest decimal place. Totals in the tables may not equal the arithmetic sum of presented numbers. Percentages are calculated on non-rounded numbers and may not conform to the percentage derived from the rounded components.

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Notes:
This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014

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

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

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

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

CHIEF EXECUTIVE'S REPORT

COVID-19 has had a significant impact on communities and businesses across the UK since March 2020. The Group's priority during this very challenging period has been the safety and welfare of its people and customers.

The disruption created by COVID-19 and the associated drop in demand for occasion wear had a significant impact on revenues in the six months to 30 September 2020.

In the United Kingdom, our stores and concessions were closed for a sustained period from 22 March until their gradual reopening in June, with varying government-implemented social restrictions in place during the Period. In addition, given the store restructuring undertaken by the Group in June and the subsequent negotiation of new leases many of QUIZ's stores did not re-open until the Autumn.

QUIZ's trademark occasion and dressy wear for social events and activities has been at the centre of the QUIZ brand. QUIZ has traditionally provided options for a variety of social occasions such as attending lunch with friends, a day at the races, a Christmas party or a wedding. The curtailment of these and other activities resulted in a materially detrimental impact on demand. This disruption has also been felt in the Group's International business segment.

In response to these circumstances, QUIZ has rebalanced its product offering to increase casual ranges and reduce exposure to occasion wear. These steps helped to mitigate the impact of COVID-19 but do not fully compensate for the decline in demand experienced since March. The business will continue to adapt its product proposition to reflect customer demand over the long-term.

The increased demand experienced during periods of the Summer, when restrictions on events and social gatherings were relaxed, provided confidence that there is good underlying customer demand for the brand's trademark occasion wear. Whilst the timing of easing of ongoing social restrictions remains uncertain, we are confident that demand for QUIZ will significantly improve when this occurs.

In June we undertook a restructuring of our physical store estate. This was required to ensure that the Group had an economically viable store portfolio going forward. As a result, Kast Retail Limited ("Kast"), a subsidiary of the Group which previously operated the Group's standalone stores in the United Kingdom and Ireland, was placed into administration. Further to this, the business and certain assets of Kast were acquired by the Group for a cash consideration of £1.3 million.

The new lease arrangements negotiated provide increased flexibility going forward and on the basis of revenues being at similar levels to revenues generated in the year ended 31 March 2020, the full year rent payable would be approximately halved on a like-for-like basis.

The business remains focused on preserving liquidity and to that end, we have implemented plans to reduce capital spend and operating costs. As at 25 January 2021, the Group had £3.0 million of cash and £3.5 million of undrawn bank facilities. This will support the business's initiatives to further diversify the product range and ensure the Group is well positioned to respond to an anticipated increase in demand for its core occasion wear offering in due course.

RESULTS OVERVIEW

Throughout this report, "underlying" results exclude the one-off impact in the period which arose further to the administration of one of the Group's subsidiaries, resulting in certain assets and liabilities no longer being retained by the Group. This resulted in a gain of £16.2 million in relation to the net liabilities which are no longer reflected in the financial statements. These liabilities primarily related to lease liabilities associated with standalone stores.

In the comparable prior year period, underlying results exclude the £7.0m exceptional charge in relation to store impairments and onerous leases. A reconciliation between underlying and reported results is provided at the end of the Financial Review.

Group revenue decreased 73% to £17.2m in H1 2021 (H1 2020: £63.3m). The revenue generated from each channel in H1 2021 was as follows:

	Six months to 30 September 2020	Six months to 30 September 2019	Year-on-year change	Share of revenue H1 2021	Share of revenue H1 2020
UK stores and concessions	£4.7m	£31.3m	-85%	27%	49%
Online	£9.9m	£20.0m	-50%	57%	32%
International	£2.7m	£12.0m	-78%	16%	19%
Total	**£17.2m**	**£63.3m**	**-73%**		

The administration of a subsidiary in the Period resulted in a £16.2 million gain being recorded, operating profits were £10.7 million (H1 2020: loss of £6.3m) and EBITDA generated increased to £12.8m (H1 2020: £5.8m).

Underlying operating losses incurred were £5.5 million (H1 2020: profit of £0.7 million) and underlying EBITDA losses were £3.4 million (H1 2020: profit of £6.3 million).

The reported profit before tax amounted to £10.6 million (H1 2020: Loss of £6.8 million). Underlying loss before tax decreased to £5.6 million (H1 2020: profit of £0.3 million).

Earnings per share was 9.62 pence (H1 2020: loss per share of 4.44 pence). Underlying loss per share was 3.45 pence (H1 2020: earnings per share of 1.20 pence).

Net cash at the period end was £5.5 million (H1 2020: £7.2 million). Net cash generated from operations was £0.4 million (H1 2020: £4.9 million). Capital expenditure in H1 2021 amounted to £1.6 million, which includes £1.3 million paid for the business and certain assets of Kast post administration (H1 2020: £2.7 million).

OPERATIONAL REVIEW

The Group's longer-term strategy remains to develop the QUIZ brand through 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.

The four challenges previously identified by the Board remain relevant in light of the continued COVID-19 related disruption on QUIZ:

1. Managing the decline in footfall and spend in our UK store and concession estate

Further to the store restructuring undertaken in the Period, 60 of the 75 stores previously operated in the United Kingdom have been reopened under new lease arrangements. The new lease arrangements have largely been secured on a flexible basis that allows for rents to be commensurate with revenues generated.

These new arrangements have an average lease term of 24 months and a lower cost base going forward.

The Board has also been taking steps to reduce its exposure to UK department stores going forward. In the year ended to 31 December 2020, the Group reduced the number of concessions operated by 20% to 142.

Of these remaining concessions 85 are in Debenhams stores and 29 in Outfit stores operated by Arcadia, both of which are in Administration. We note the announcement that Boohoo has acquired the intellectual property assets of Debenhams and that these stores are expected to close, and that there is uncertainty as to Arcadia's future. There is no financial exposure to outstanding balances due from these businesses and the redundancy costs that would arise from these store closures would not be significant.

The Group believes that stores and concessions with appropriate cost bases can make a positive contribution going forward. We will continue to undertake initiatives to promote footfall into stores including trialling the introduction of new product categories in store, utilising our store network for online collections and returns, and improving stock availability across the estate.

2. Optimising the omni-channel model and capturing the online opportunity

QUIZ continues to believe in the benefits of operating an omni-channel model that provides customers the opportunity to engage with the brand across different channels. Capturing QUIZ's sales growth potential online remains a key priority for the Group.

The overall 50% decline in online revenues in the Period reflected:

- strong sales of occasion wear in the prior year;
- the impact of the sharp decline in demand for occasion wear following COVID-19-related restrictions on social activities, which was only partially mitigated by the increase in availability of casual wear product lines; and
- a 57% decline of sales through QUIZ's third-party website partners.

Although demand declined through our third-party website partners, we continued to receive positive feedback with regards to our product and our performance on these websites relative to other brands. We continue to work with these partners to optimise the range and quantity of stock available to them to improve the financial returns from these arrangements.

3. Managing the gross margin

Whilst progress was made in the previous year to improve gross margins, the decline in revenues during the Period led to an increased level of discounting. This resulted in the gross margin generated declining to 51.7% (HI 2020: 61.7%).

Discounting was most prevalent in the Summer of 2020 after the initial lockdown of stores. Given the need to negotiate new lease arrangements a number of stores were closed from March through to the Autumn and stock was deeply discounted following reopening before new stock was introduced.

We continue to manage stock to ensure newness for customers whilst being mindful of potentially over committing given the uncertainty as to demand. We are confident that our well-established relationships with suppliers will allow us to promptly respond to increased demand from consumers when this occurs.

4. Right-sizing our cost base

We have sought to manage and reduce costs wherever possible given the challenging trading conditions and decline in revenues. As well as various cost saving initiatives the utilisation of the various arrangements to support businesses provided by the UK Government has been important, with £4.3 million of cash support received under the furlough scheme and other payments.

Further to the cost management actions taken by the Group, operating costs, net of government support, reduced 62% in the period. We will continue to review our cost base to ensure it is appropriate for the revenues that will be generated going forward.

SUPPLY CHAIN

We continue to be aware of our responsibilities to source clothes in a responsible and ethical way. There is an ongoing programme to ensure that all our products are supplied in line with our Ethical Code of Practice. We continue to monitor our supplier closely and have processes in place to allow for clear visibility across our supply chain. We remain committed to ensuring our systems processes are fit for purpose and assure compliance in this area.

CASH POSITION

Despite the challenging trading conditions, the Group retained a cash balance of £5.5 million (31 March 2020: £6.9 million) at the Period end. As at 25 January 2021, the Group had a cash balance of £3.0 million. In addition to this cash balance, the Group retains £3.5 million of bank and credit facilities available to it from HSBC which expire in October 2021. There are no financial covenants applicable to these facilities.

OUTLOOK AND CURRENT TRADING

Since the period end revenues have continued to be impacted by the tightening of Government restrictions. The increased restrictions on social activities impacted demand in October and most stores and concessions were closed in November. Given the circumstances, we were pleased with the sales generated prior to Christmas before the closure of stores and concessions recommenced in late December. Further to these disruptions, the revenues generated in the three months to 31 December 2020 are summarised below:

	1 October 31 December 2020	**1 October to 31 December 2019**	**Year-on-year change**
UK stores and concessions	£5.8m	£18.8m	-69%
Online	£6.6m	£12.0m	-45%
International	£2.8m	£5.9m	-53%
Total	**£15.2m**	**£36.7m**	**-59%**

Further to the current government restrictions, revenues are currently limited to online and international customers.

Whilst revenues would generally be lower in January and February, the current restrictions on social activities continue to further impact demand. We continue to extend our casual product ranges to meet changing consumer behaviour but increased sales in this area do not compensate for the decline in occasion wear revenues.

This diversification of product ranges away from dressy occasion wear and towards more causal ranges will inform the Group's long-term approach as well as our near term response to the restrictions caused by the COVID-19 pandemic.

We continue to believe that the QUIZ brand has strong customer appeal and that the Group's omni-channel business model remains relevant and key to our long-term success. Our ranges have traditionally been based upon providing options for socialising, from going to lunch with friends to attending weddings.

We are encouraged by the roll out of the vaccination programme across the United Kingdom and we look forward to the gradual relaxation of Government restrictions in due course. Whilst there is uncertainty with regards to when social activities will revert to their previous level, we remain confident that our proposition remains attractive to customers in the long term.

FINANCIAL REVIEW

Gross margin

An increase in discounting was undertaken during the period given the impact of the enforced lockdowns and requirement to clear excess stocks. Due to this, the gross margin in period declined to 51.7% (H1 2020: 61.7%). Gross margins since 30 September 2020 have been higher and more consistent with those previously generated.

We continue to carefully monitor our stock levels and requirements going forward.

Given the lower revenues generated in the Period there has been an increase in the amount of slow-moving stock to be managed. To maximise margins generated where possible we will consolidate and represent stock left unsold from the previous year. In the previous year we increased the level of stock provisions against slow-moving stock and there was no requirement to significantly increase this provision in the Period.

Operating costs

Consistent with the fall in revenues there have been significant reductions in operating costs, namely administrative and distribution costs, in the Period. Total costs decreased by 59% in H1 2021 from £45.4 million to £18.8 million. The reductions in costs reflect the benefit of cost reduction initiatives undertaken during the Period as the impact of lower revenues being generated.

Excluding the non-recurring charges in respect of the impairment of right-of-use assets, property, plant and equipment and goodwill, the write-down of inventory and a bad debt expense in the previous year, underlying operating costs declined 51% from £38.3 million to £18.8 million.

In addition to these reductions, operating costs have been supplemented by £4.3 million of financial support from the UK Government which is included in Other Operating Income. If these costs were offset against operating costs, the reduction in underlying operating costs amounted to 62% which reflects management's emphasis on cost reduction activities.

Underlying administrative costs decreased by £12.5 million or 45% to £15.2 million (H1 2020: £27.7 million). The most significant reductions included:

- £5.2 million or a 76% reduction in property costs (including depreciation charges in relation to leases for standalone stores) further to the restructuring of our standalone stores and revised rental agreements as well as the waiver of business rates for retail businesses in the current financial year to March 2021;

- £4.1 million or a 31% reduction in employment costs reflecting reductions in employee numbers, the impact of employees being placed on furlough and the reduction in director salaries applied in the Period;
- £1.3 million or a 39% reduction in depreciation and amortisation costs (excluding depreciation charges in relation to leases for standalone stores). These reduced costs reflect the impairment of assets recorded in the previous year which reduced the amount of assets to depreciated and amortised; and
- £1.0 million or a 60% reduction in marketing costs**.** Spend undertaken has been focused on digital marketing which has proven beneficial. We recognise the need to increase marketing for the QUIZ brand to heighten customer awareness of the brand when demand for occasion and dressy wear returns and we have various plans ready to implement when appropriate.

Distribution costs decreased 66% to £3.3m (H1 2020: £10.6m) and is reflective of the lower revenues generated in the period.

Included in distribution costs are commission payments to third parties who sell product on behalf of QUIZ. These fell as a result of the enforced closure on concessions and lower online sales through third parties.

Also reflected in the drop in distribution costs are lower carriage costs to stores, concessions and franchises as well as to online customers in line with the reduced revenues generated.

Other operating income

The business has benefited from the financial support provided by the UK Government in response to the COVID-19 pandemic. The support provided has included the waiver of business rates for retail businesses as well as direct payments made to businesses.

Given the enforced closure of our stores and concessions through the period the business has placed employees on furlough to help preserve these roles. During the Period the business received £4.0 million of payments in relation to employees placed on furlough.

In addition, there were £0.3 million of payments received in relation to Coronavirus Grants made available to retail businesses which were closed due to national or local restrictions.

Finance costs

The finance costs of £0.1 million (H1 2020: £0.4 million) primarily relates to interest costs arising on the lease payments for stores. The reduction in costs reflect the change in lease arrangements further to the restructuring of the standalone retail store portfolio and the termination of previous leases.

Foreign currency hedging

The Group currently undertakes foreign exchange transactions.

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

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

Taxation

Given the losses incurred, the reported tax rate in the current year is a credit of 12.6% (H1 2020: credit of 18.4%) which reflects the estimated tax credit for the year. There is no tax impact arising from the £16.2 million non-recurring gain arising on the administration of a subsidiary undertaking.

Earnings/loss per share

The earnings per share for H1 2021 was 9.62 pence (H1 2020: loss per share of 4.44 pence). The underlying basic loss per share for H1 2021, which is calculated using the underlying profit before tax less tax at the effective statutory rate, was 3.45 pence (H1 2020: earnings per share of 1.20 pence)

Dividends

Given the loss incurred in the current year the Board does not recommend the payment of a dividend in respect of this Period. No dividends were paid in the previous periods.

Cash flow and cash position

Net cash at the period end amounted to £5.5 million (H1 2020: £7.2 million), a reduction of £1.4 million since 31 March 2020.

Given the reduced revenues generated during the period the business has been focussed on preserving cash. Cost reductions have been made where practical, the support available from Government has been utilised, there has been a focus on managing working capital, and capital expenditure projects have been suspended.

The impact of the underlying EBITDA loss of £3.4 million was mitigated by favourable movement in working capital resulting in £0.4 million of cash being generated from operating activities.

Capital expenditure in the period has been restricted to £0.3 million (H1 2020: £2.5 million). Further to the administration of Kast Retail Limited the business and certain assets were acquired by the Group for £1.3 million.

The cash outflows from financing activities related to the payment of lease liabilities of £0.2 million (H1 2020: £2.8 million).

The business will continue to preserve cash in anticipation of increased demand from the Spring / Summer 2021 period. Net cash at 25 January 2021 amounted to £3.0 million. In addition, the business has £3.5 million of bank facilities. There are no financial covenants associated with these facilities.

Reconciliation of Underlying and Reported (IFRS) Results

In establishing the underlying operating profit in the current year an adjustment is made to remove the impact of the non-recurring gain arising on the administration of a subsidiary undertaking, as described in Note 5.

The adjustments in the previous year related to non-recurring charges in respect of the impairment of right-of-use assets, property, plant and equipment and goodwill, the write-down of inventory and a bad debt expense as described in Note 4.

A reconciliation between Reported and Underlying results is provided below:

	Reported £000	Non-recurring costs £000	Underlying £000
Six months ended 30 September 2020			
Profit/(loss) before tax	10,615	(16,231)	(5,616)

Operating profit/(loss)	10,714	(16,231)	(5,517)
Depreciation and amortisation	2,118	-	2,118
EBITDA	12,832	(16,231)	(3,399)
Six months ended 30 September 2019			
(Loss)/profit before tax	(6,751)	7,007	256
Operating (loss)/profit	(6,332)	7,007	675
Depreciation and amortisation	12,118	(6,507)	5,611
EBITDA	5,786	500	6,286
Year ended 31 March 2020			
Loss before tax	(29,445)	26,337	(3,108)
Operating loss	(28,662)	26,337	(2,325)
Depreciation and amortisation	34,283	(23,788)	10,495
EBITDA	5,621	2,549	8,170

QUIZ plc
Unaudited consolidated statement of comprehensive income
For the six months ended 30 September 2020

	Notes	Unaudited six months ended 30 September 2020 £000	Unaudited six months ended 30 September 2019 £000	Audited year ended 31 March 2020 £000
Continuing operations				
Revenue	3	17,246	63,259	118,020
Cost of sales		(8,336)	(24,245)	(46,892)
Gross profit		8,910	39,014	71,128
Recurring administrative costs		(15,180)	(27,746)	(54,681)
Non-recurring administrative costs	4	-	(7,007)	(26,337)
Administrative costs		(15,180)	(34,753)	(81,018)
Distribution costs		(3,602)	(10,598)	(18,810)
Total operating costs		(18,782)	(45,351)	(99,818)
Non-recurring gain arising from administration of subsidiary undertaking	5	16,231	-	-
Other operating income	6	4,355	5	38
Total operating income	7	20,586	5	38
Operating profit/(loss)		10,714	(6,332)	(28,662)
Finance income		45	5	28
Finance costs		(144)	(424)	(811)
Profit/(loss) before income tax		10,615	(6,751)	(29,445)
Income tax credit	8	1,333	1,239	418
Profit/(loss) for the year		11,948	(5,512)	(29,027)
Other comprehensive income				
Foreign currency translation differences - foreign operations		211	67	62
Profit/(loss) and total comprehensive income for the year		12,159	(5,445)	(28,965)
Basic and earnings/(loss) per share	10	9.62p	(4.44)p	(23.37)p

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 2020

	Notes	Unaudited as at 30 September 2020 £000	Unaudited as at 30 September 2019 £000	Audited as at 31 March 2020 £000
Assets				
Non-current assets				
Property, plant and equipment	11	6,474	11,277	7,270
Right to use asset	12	4,671	15,692	2,992
Intangible assets	13	3,918	8,753	4,061
Deferred tax asset		1,333	1,158	-
Total non-current assets		16,396	36,880	14,323
Current assets				
Inventories		10,011	14,601	9,693
Trade and other receivables	14	5,473	8,727	7,110
Cash and cash equivalents		5,503	7,161	6,897
Total current assets		20,987	30,489	23,700
Total assets		37,383	67,369	38,023
Liabilities				
Current liabilities				
Trade and other payables	15	(9,617)	(12,112)	(11,367)
Lease liabilities		(1,486)	(7,031)	(6,388)
Derivative financial liabilities		(21)	(16)	(36)
Corporation tax payable		(75)	(213)	(149)
Total current liabilities		(11,199)	(19,372)	(17,940)
Non-current liabilities				
Lease liabilities		(3,582)	(12,152)	(9,950)
Deferred tax liabilities		(1)	(484)	(7)
Total non-current liabilities		(3,583)	(12,636)	(9,957)
Total liabilities		(14,782)	(32,008)	(27,897)
Net assets		22,601	35,361	10,126
Equity				
Called up share capital		373	373	373
Share premium		10,315	10,315	10,315
Merger reserve		1,130	915	915
Retained earnings		10,783	23,758	(1,477)
Total equity		22,601	35,361	10,126

QUIZ PLC
Unaudited consolidated statement of changes in equity
For the six months ended 30 September 2020

	Unaudited as at 30 September 2020 £000	Unaudited as at 30 September 2019 £000	Audited as at 31 March 2020 £000
Share capital			
Balance at beginning and end of period	373	373	373
Share premium			
Balance at beginning and end of period	10,315	10,315	10,315
Merger reserve			
Balance at beginning and end of period	915	915	915
Movement arising from administration of subsidiary	215	-	-
Balance at the end of the period	1,130	915	915
Profit and loss account			
Balance at beginning of period	(1,477)	29,196	29,916
Total comprehensive income	12,159	(5,445)	(28,965)
Impact of IFRS 16 implementation	-	(67)	(1,739)
Share based payments charge	101	74	31
Balance at end of period	10,783	23,758	(1,477)
Total equity at beginning of period	10,126	40,799	10,799
Total equity at end of period	22,601	35,361	10,126

QUIZ PLC
Unaudited consolidated statement of changes of cash flows
For the six months ended 30 September 2020

	Note	Unaudited six months ended 30 September 2020 £000	Unaudited six months ended 30 September 2019 £000	Audited year ended 31 March 2020 £000
Cash flows from operating activities				
Cash generated by operations				
Profit/(loss) for the year		11,948	(5,512)	(29,027)
Depreciation of property, plant and equipment		963	1,905	3,911
Impairment of property, plant and equipment		-	4,626	7,350
Depreciation of right-of-use asset		916	3,518	6,117
Impairment of right-of-use assets		-	1,881	11,208
Amortisation of intangible assets		310	188	467
Impairment of intangible assets		-	-	5,230
Gain from administration of subsidiary undertaking		(16,231)	-	-
Share based payment charges		101	74	31
Exchange movement		39	59	87
Finance cost expense		139	419	783
Income tax credit		(1,333)	(1,239)	(418)
(Increase)/decrease in inventories		(288)	(147)	4,760
Decrease in receivables		691	2,325	4,920
Increase/(decrease) in payables		3,170	(2,697)	(4,273)
Increase in provisions		-	107	-
Net cash from operating activities		425	5,507	11,146
Interest paid		(36)	(424)	(696)
Income taxes paid		(5)	(149)	(255)
Net cash generated in operating activities		384	4,934	10,195
Cash flow from investing activities				
Payments to acquire intangible assets		(166)	(711)	(1,528)
Payments to acquire property, plant and equipment		(167)	(1,824)	(2,548)
Payment to acquire trade and assets		(1,302)	-	-
Interest received		45	5	28
Net cash used in investing activities		(1,590)	(2,530)	(4,048)
Cash flows from financing activities				
Repayment of borrowings		-	(40)	(40)
Payment of lease liabilities		(187)	(2,765)	(6,739)
Net cash used by financing activities		(187)	(2,805)	(6,779)
Net decrease in cash and cash equivalents		(1,393)	(401)	(632)
Cash and cash equivalents at beginning of period		6,897	7,555	7,555
Effect of foreign exchange rates		(1)	7	(26)
Cash and cash equivalents at end of period	16	5,503	7,161	6,897

Basis of Preparation

1.1 General Information

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

1.2 Basis of Preparation

These interim financial statements for the six months to 30 September 2020 have been prepared in accordance with "IAS 34 Interim Financial Reporting" as adopted by the European Union and the requirements of the Disclosures and Transparency Rules. They are unaudited and do not include all of the information required for full annual financial statements and do not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991.

The comparative figures for the year ended 31 March 2020 are not the Group's statutory accounts for that financial year. The interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 March 2020, prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), IFRIC Interpretations and the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The Annual Report and Financial Statements for the year ended 31 March 2020 has been filed with the Jersey Companies Registry.

The auditors' reports drew the reader's attention to the macro-economic and social factors outside the Group's control, primarily in respect of the UK Government's measures to control the spread of COVID 19 and which would continue to have, a material impact on the Group's trading performance for the foreseeable future. The uncertainty this created in the Group's ability to accurately forecast trading cash flows and continue to trade within their current facilities indicated that a material uncertainty existed that may cast significant doubt on the Group's ability to continue as a going concern. The auditor's opinion was not modified in respect of this matter and did not include reference to any matters on which the auditors were required to report by exception under Companies (Jersey) Law 1991.

The Group's business activities together with the factors that are likely to affect its future developments, performance and position are set out in the Business and Financial Reviews of its Annual Report and Financial Statements for the year ended 31 March 2020. The Financial Review describes the Group's financial position, cash flows and bank facilities. The interim financial statements are unaudited and were approved by the board of directors on 25 January 2020.

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

1.3 Accounting Standards

The accounting policies applied in these interim financial statements are the same as those set out in the Group's Annual Report and Financial Statements for the year ended 31 March 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not effective.

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

1.4 Use of Estimates and Judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 31 March 2020.

1.5 Going concern

In determining whether the Group's accounts can be prepared on a going concern basis, the Directors considered the Group's business activities and cash requirements together with factors likely to affect its performance and financial position, including the current and future anticipated impact of COVID-19.

The key judgements in relation to the going concern assessment are in respect of the potential ongoing impact of COVID-19 on the Group. They include the timing of the Group's recovery to pre-COVID-19 trading levels and the likelihood and impact of further lockdowns, including their duration and the impact on consumer demand in the markets in which the Group operates.

When making these judgements, the Directors considered trading levels when the Group's stores were reopened and the outlook for the Group against their detailed base case scenario and further downside scenarios.

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. In preparing the above scenarios there remains the uncontrollable factor with regards the extent of the measures the UK Governments will take to control the spread of COVID-19. These measures have the potential to materially impact on the operation of non-essential retail and on demand for fashionwear such that the Group may not be able to operate within its existing facilities. The Directors believe that, in the absence of further funding, this creates a material uncertainty which casts significant doubt on the Group's ability to continue as a Going Concern.

Further actions could be undertaken to mitigate against any shortfalls arising from these scenarios. These include reducing operating costs and capital expenditure, ceasing or suspending loss-making activities and optimising working capital

Based on the assessment undertaken, the directors have a reasonable expectation that the Group has access to adequate resources to enable it to continue to operate as a going concern for the foreseeable future, being a period of twelve months from the interim financial statements were approved. Accordingly, the directors consider it appropriate to continue to adopt a going concern basis of accounting 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 2021 to be unchanged from those set out on in the Annual Report and Financial Statements for the year ended 31 March 2020 on pages 18 to 21, which are available on www.quizgroup.co.uk.

In summary these relate to the current and possible future pandemic, 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 source and geographical destination is as follows:

	Unaudited six months ended 30 September 2020 £000	Unaudited six months ended 30 September 2019 £000	Audited year ended 31 March 2020 £000
Online	9,880	19,951	37,485
International	2,661	11,985	21,789
UK stores and concessions	4,703	31,323	58,746
	17,246	63,259	118,020
United Kingdom	14,358	50,774	95,288
Overseas	2,888	12,485	22,732
	17,246	63,259	118,020

4. Non-recurring administrative costs

Non-recurring administrative costs comprise:

	Unaudited six months ended 30 September 2020 £000	Unaudited six months ended 30 September 2019 £000	Audited year ended 31 March 2020 £000
Impairment of right-of-use assets	-	1,881	11,208
Impairment of property, plant and equipment	-	4,626	7,350
Write-down of inventory	-	500	2,165
Impairment of goodwill	-	-	5,230
Write-off of debt	-	-	384
	-	7,007	26,337

Impairment of right-of-use assets

The £11,208,000 charge in relation to the impairment of right-of-use assets includes a £1,881,0000 charge recognised at 30 September and a further £9,327,000 charge further to the appointment of joint administrators to a wholly owned subsidiary undertaking. The impairment relates to the value previously attributed to the right-of-use assets associated with standalone stores.

The impairment charges arose further to a decline in footfall in stores leading to a number of them becoming unprofitable during the year. In addition, Kast Retail Limited which operated the standalone stores was placed into administration on 10 June 2020. Further to this all the leases associated with standalone stores were terminated resulting in a reduction in value previously attributed to these leases.

Whilst none of the leases associated with the standalone stores operated by Kast transferred to Zandra, new lease arrangements were secured for the majority of the previous standalone stores.

Further to this, management assessed the value in use of each CGU at 31 March 2020 with reference to the new lease arrangements entered into. Further to this the Group recognised an additional impairment charge of £9,327,000.

Impairment of property, plant and equipment

Retail store assets (as with other financial and non-financial assets) are subject to impairment based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Given the circumstances outlined above there was a requirement for an impairment charge in the current year.

The calculation of the net present value of future cash flows is based on the same assumptions for growth rates and expected changes to future cash flows as set out above, discounted at the appropriate risk adjusted rate.

The £7,350,000 charge in relation to the impairment of property, plant and equipment includes a £4,626,0000 charge recognised at 30 September and a further £2,724,000 charge further to the appointment of joint administrators to a wholly owned subsidiary undertaking.

Write-down of inventory

The £2,165,000 charge in relation to the write-down of inventory includes a £500,000 charge recognised at 30 September and a further £1,615,000 charge further to the appointment of joint administrators to Kast Retail Limited which operated our standalone stores.

Further to the COVID-19 outbreak there has been a substantial reduction in consumer demand. Stores were closed for a prolonged period initially in response to Government guidance and then further to the appointment of the joint administrators. A significant amount of the stock acquired prior to March 2020 remained unsold. Given the circumstances this stock was written down to its estimated realisable value.

Impairment of goodwill

At 31 March 2019, the Group recorded goodwill of £6,175,000 relating to the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased which arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012.

The goodwill was assessed for impairment by comparing the carrying value to value-in-use calculations. Further to this assessment given the losses projected for the year ended 31 March 2021 and the uncertainty as to future performance the Directors considered that the goodwill was impaired by £5,230,000.

Write-off of debt

The non-recurring costs of £384,000 related to the write-off of debt arising from a customer entering into an administration process.

5. Non-recurring gain arising from administration of subsidiary undertaking

On 10 June 2020, the Company announced proposals to restructure its standalone retail store portfolio. The Group's 82 standalone stores in the United Kingdom and the Republic of Ireland were operated by Kast Retail Limited ("Kast"). The Group's three standalone stores in Spain were operated by Kast International Spain SL, a wholly owned subsidiary of Kast.

Further to the appointment of joint administrators to Kast, Zandra Retail Limited ("Zandra"), a wholly owned subsidiary of the Company, acquired the business and certain assets of Kast, including inventories, fixtures and fittings, contracts and vehicles.

Whilst none of the leases associated with the standalone stores operated by Kast transferred to Zandra, new lease arrangements were secured for the majority of the previous standalone stores.

Further to this restructuring, Kast is no a longer subsidiary undertaking owned by QUIZ plc and certain assets and liabilities of Kast are no longer retained by the Group.

This resulted in a gain of £16.2 million being recorded in relation to the net liabilities which are no longer reflected in the financial statements. These liabilities primarily related to lease liabilities in relation to leases associated with standalone stores.

6. Other operating income

Other operating income comprises:

	Unaudited six months ended 30 September 2020 £000	Unaudited six months ended 30 September 2019 £000	Audited year ended 31 March 2020 £000
Government support – furlough payments	4,024	-	-
Government support – grant income	331	-	-
Other income	-	5	38
	4,355	5	38

7. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	Unaudited six months ended 30 September 2020 £000	Unaudited six months ended 30 September 2019 £000	Audited year ended 31 March 2020 £000
Cost of inventories recognised as an expense	8,336	24,245	46,892
Distribution costs	3,602	10,598	18,810
Employment costs	8,860	12,928	25,206
Depreciation	1,879	5,423	10,028
Amortisation	310	188	467
Short-term lease payments	262	234	542
Non-recurring impairment of property, plant and equipment	-	4,626	7,350
Non-recurring impairment of right-to-use assets	-	1,881	11,208
Non-recurring write-down to inventory	-	500	2,165
Non-recurring impairment of goodwill	-	-	5,230
Non-recurring write-off of debt	-	-	384
Non-recurring income arising from administration of subsidiary undertaking	(16,231)	-	-
Other operating income	(4,355)	(5)	(38)
Other expenses	3,868	8,973	19,427
	6,531	69,591	130,687

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

8. Income Tax Expense

The Group's effective tax rate in respect of continuing operations for the six months ended 30 September 2020 is 12.6% (six months ended 30 September 2019 – 18.4% and year ended 31 March 2020: 1.4%).

9. Dividends

No dividend was paid in the current or previous periods.

10. Earnings per share

	Unaudited six months ended 30 September 2020 £000	Unaudited six months ended 30 September 2019 £000	Unaudited year ended 31 March 2020 £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	-	5,573	132,357
Weighted number of ordinary shares outstanding- diluted	124,230,905	124,236,478	124,363,262
Earnings:	£000	£000	£000
Profit/(loss) basic and diluted	11,948	(5,512)	(29,027)
(Loss)/profit adjusted basic and diluted	(3,283)	1,495	(2,960)
Earnings per share:	Pence	Pence	Pence
Basic earnings/(loss) per share	9.62	(4.44)	(23.37)
Adjusted basic earnings/(loss) per share	(3.45)	1.20	(2.17)
Diluted earnings/(loss) per share	9.62	(4.44)	(23.34)
Diluted earnings/(loss) per share	(3.45)	1.20	(2.16)

The adjusted profit after tax in the current year is shown before the gain arising on the administration of a subsidiary undertaking of £16.2 million (six months ended 30 September 2019 – non-recurring administrative costs of £7.0 million and year ended 31 March 2020: non-recurring administrative costs of £26.3 million).

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.

11. Property, Plant and Equipment

	Leasehold property £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2020	1,627	146	2,031	24,081	27,885
Additions	122	13	7	25	167
Disposals	(250)	(18)	(339)	(6,531)	(7,138)
At 30 September 2020	1,499	141	1,699	17,575	20,914
Depreciation					
At 1 April 2020	1,357	101	1,061	18,096	20,615
Charge	47	10	110	796	963
Disposals	(250)	(18)	(339)	(6,531)	(7,138)
At 30 September 2020	1,154	93	832	12,361	14,440
Net book value					
At 30 September 2020	345	48	867	5,214	6,474
At 31 March 2020	270	45	970	5,985	7,270

12. Right-of-Use Assets

	Property £000
Cost	
At 1 April 2020	32,218
Additions	2,595
Disposals	(28,685)
At 30 September 2020	6,128
Depreciation	
At 1 April 2020	29,226
Charge	916
Disposals	(28,685)
At 30 September 2020	1,457
Net book value	
At 30 September 2020	4,671
At 31 March 2020	2,992

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

	£000
Cost	
At 1 April 2020	16,338
Additions	2,595
Interest expense related to lease liabilities	144
Liabilities extinguished further to administration	(13,787)
Repayment of lease liabilities (including interest)	(222)
At 30 September 2020	5,068
Current lease liabilities	1,486
Non-current lease liabilities	3,582

13. Intangibles

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
Cost				
At 1 April 2020	6,175	4,085	165	10,425
Additions	-	167	-	167
At 30 September 2020	6,175	4,252	165	10,592
Depreciation				
At 1 April 2020	5,230	1,090	44	6,364
Amortisation	-	301	9	310
At 30 September 2020	5,230	1,391	53	6,674
Net book value				
At 30 September 2020	945	2.861	112	3,918
At 31 March 2020	945	2,955	121	4,061

14. Trade and other receivables

	Unaudited as at 30 September 2020 £000	Unaudited as at 30 September 2019 £000	Audited as at 31 March 2020 £000
Trade receivables – gross	3,076	6,333	3,079
Allowance for doubtful debts	(301)	(191)	(320)
Trade receivables - net	2,775	6,142	2,759
Other receivables	307	158	1,539
Prepayments and accrued income	2,389	2,425	2,810
Amounts owed by related parties	2	2	2
	5,472	8,727	7,110

15. Trade and other payables

	Unaudited as at 30 September 2020 £000	Unaudited as at 30 September 2019 £000	Audited as at 31 March 2020 £000
Trade payables	5,340	6,740	6,852
Other taxes and social security costs	974	1,549	1,354
Accruals	2,602	3,281	2,301
Other creditors	633	470	852
Amounts due to related parties	8	72	8
	9,617	12,112	11,367

16. 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 2020 £000	Unaudited as at 30 September 2019 £000	Audited as at 31 March 2020 £000
Carrying value of financial assets:			
Cash and cash equivalents	5,503	7,161	6,897
Trade and other receivables	3,083	6,302	4,300
Total financial assets	8,586	13,463	11,197
Carrying value of financial liabilities:			
Trade and other payable	(8,643)	(10,563)	(10,013)
Lease liabilities	(5,068)	(19,183)	(16,338)
Total financial liabilities	(3,711)	(29,746)	(26,351)

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.