



# Q U I Z

## AUDITED RESULTS

For the period ended 31 March 2022

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# AGENDA



**HIGHLIGHTS &  
OVERVIEW**  
Tarak Ramzan  
Chief Executive Officer



**FINANCIAL  
REVIEW**  
Gerry Sweeney  
Chief Financial Officer



**OPERATIONAL  
REVIEW**  
Sheraz Ramzan  
Chief Commercial Officer



**CURRENT TRADING  
AND OUTLOOK**  
Tarak Ramzan  
Chief Executive Officer

QUIZ

# HIGHLIGHTS & OVERVIEW

Tarak Ramzan  
CEO



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Year to 31 March 2022 overview

## **STRONG REVENUE GROWTH AND RETURN TO PROFITABILITY**

### Financial Highlights

- Group revenues increased 97% as social restrictions are removed and lockdowns end
- Gross margins improved 590bps to 60.3%
- Positive EBITDA generated of £5.1m; underlying EBITDA improved £10.0m in the year
- Returned to profitability with PBT of £0.8m; underlying PBT improved £10.4m in the year
- Operating cash flows of £5.3m in the year, £7.8m higher than the previous year

### Operational Highlights

- Growing customer demand further to the removal of social restrictions and increase in events
- Focus on own stores and website with less dependency on third parties, driving a positive store contribution and strong own online growth of 66%
- Active customers increased 74% on the prior financial year in line with demand for QUIZ's core occasion wear offering
- QUIZ's store estate comprised 62 stores in the United Kingdom and five in the Republic of Ireland at the end of the year (2021: 61 in the UK and four in the ROI)

# FINANCIAL REVIEW

Gerry Sweeney  
CFO



## Summary Underlying Income Statement

### RETURN TO PROFITABILITY IN THE YEAR

(£m)	FY 2022	FY 2021	YoY change
Revenue	78.4	39.7	+ 97%
Gross profit	47.3	21.2	+ 133%
Gross margin %	60.3%	53.4%	+ 6.9%
Other costs	- 47.4	- 38.8	+ 22%
Government grants	1.0	8.2	- 88%
<b>Operating profit/ (loss)</b>	<b>0.9</b>	<b>- 9.4</b>	
Income tax credit	1.3	0.2	
Operating loss	0.9	- 9.4	
D&A	4.2	4.5	
EBITDA	5.1	- 4.9	
<b>Adjusted EPS</b>	<b>1.65</b>	<b>- 7.54</b>	

#### Overview

- Very strong revenue growth reflects the removal of social restrictions, which led to increased customer demand
- Gross margins improved further to increase in full price sell through
- Operating cost increase limited as revenues leveraged off existing infrastructure
- Reduced requirement for government grants in year
- Tax credit reflects £0.4m tax receipt due and £0.9m re future reductions of corporation tax payable

\* Underlying earnings exclude the £16.2m of gains arising on the administration of a subsidiary during the year and the subsequent purchase of its trade and certain assets in FY21

## Revenue and Margin

**REVENUE GROWTH ACROSS ALL CHANNELS**

(£m)	FY 2022	FY 2021	YoY change
UK stores and concessions	36.8	10.5	+ 250%
Online	26.7	21.6	+ 24%
International	14.9	7.6	+ 96%
<b>Total sales</b>	<b>78.4</b>	<b>39.7</b>	<b>+ 97%</b>

Business Mix	FY 2022	FY 2021	YoY change
UK stores and concessions	47%	26%	+ 21%
Online	34%	55%	- 21%
International	19%	19%	-
<b>Gross margin</b>	<b>60.3%</b>	<b>53.4%</b>	<b>+ 6.9%</b>

## Customer behaviour normalised

- Mix of sales reverted to previous levels
- Gross margin returned to FY 2020 levels

Increased focus on own stores and website lead to reduced dependence on less profitable third parties

## UK stores and concessions

- Closed for one month compared to six in PY
- Footfall improved steadily during the year
- LFL reached similar levels to pre pandemic sales

## Online revenues

- Web growth concentrated on QUIZ website
- Third party website sales reduced 21% in CY

## International

- Irish stores closed for two months compared to seven in PY
- Demand from partners increased as COVID impact lessened

## Operating costs CONTINUING TO MANAGE COSTS

(£m)	FY 2022	FY 2021	YoY change
Employment costs*	17.9	17.7	+ 1%
Property costs (incl property depn)	6.7	3.1	+ 114%
Marketing costs	2.3	1.4	+ 64%
Depreciation (excl property depn)	2.4	3.0	- 22%
Other costs	7.3	5.3	+ 38%
<b>Administration costs</b>	<b>36.6</b>	<b>30.5</b>	<b>+ 20%</b>
<b>Distribution costs</b>	<b>10.8</b>	<b>8.3</b>	<b>+ 30%</b>
<b>Total costs</b>	<b>47.4</b>	<b>38.8</b>	<b>+ 22%</b>
Government support	1.0	8.2	- 88%
<b>Net of government support</b>	<b>46.4</b>	<b>30.6</b>	<b>+ 52%</b>

### Administration costs

- Increased warehouse costs compensated for by reduced headcount in stores, concessions and Head Office
- Property costs increased due to longer occupancy periods given lease renegotiations in PY
- Business rates partially reintroduced in CY
- More marketing spend in response to market conditions
- Lower depreciation costs reflect asset write-offs

### Distribution costs

- Commission costs increased by £2.5m or 38% in line with rise in third-party sales
- Carriage costs to stores and concessions comparable year on year
- Web delivery costs net of delivery income lower than PY given renegotiated costs and reduced use of free delivery as a promotional tool

\* - includes directly employed and agency employees

## Balance sheet

**ROBUST BALANCE SHEET AND LIQUIDITY POSITION**

(£m)	March 2022	March 2021	YoY change
Property, plant and equipment	4.0	5.2	
Right to use assets	1.1	3.0	
Intangible assets	2.8	3.4	
Deferred tax asset	0.9	0.1	
<b>Total non-current assets</b>	<b>8.8</b>	<b>11.7</b>	<b>- 2.9</b>

Inventory	11.7	11.1	
Receivables - trade and other	6.4	3.6	
Payables - trade and other	- 11.5	- 8.2	
<b>Net trade working capital</b>	<b>6.6</b>	<b>6.5</b>	<b>+ 0.1</b>

Lease liabilities	- 1.1	- 3.0	+ 1.9
Tax - current and deferred	-	- 0.1	+ 0.1

<b>Cash, net of borrowings</b>	<b>4.4</b>	<b>1.5</b>	<b>+ 2.9</b>
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<b>Net assets</b>	<b>18.7</b>	<b>16.6</b>	<b>+ 2.1</b>
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## Non-current assets

- Additions limited to £0.5m; IT related and spend on new stores
- Depreciation of £4.2m
- Deferred tax asset increase of £0.8m recognises expected future reductions in corporation tax payable

## Working capital

- Focus on clearance of carried forward stock across year
- Receivables increase reflects uplift in revenues
- Payables increased with level of revenue/activity

Lease liabilities reflect remaining lease terms – expect to increase going forward

Balance sheet

**POSITIVE CASH FLOWS AND IMPROVING LIQUIDITY POSITION**

(£m)	FY 2022	FY 2021	YoY change
Underlying loss after tax	2.0	-9.4	+ 11.4
Dep'n and amortisation	4.2	4.5	- 0.3
Other non cash charges	0.1	0.1	-
Tax and interest credit	-1.1	-0.1	- 1.0
Tax and interest paid	-0.1	0.1	- 0.2
Working capital movements	0.2	2.3	- 2.1
<b>Cash from operating activities</b>	<b>5.3</b>	<b>- 2.5</b>	<b>+ 7.8</b>
Capital expenditure	- 0.5	- 1.6	+ 1.1
Loans received	-	1.4	- 1.4
Lease payments	- 1.9	- 1.3	- 0.6
<b>Cash inflow/outflow</b>	<b>2.9</b>	<b>- 4.0</b>	<b>+ 6.9</b>
<b>Cash</b>	<b>5.8</b>	<b>2.9</b>	<b>+ 2.9</b>
Bank borrowings	-1.4	-1.4	-
<b>Cash, net of bank borrowings</b>	<b>4.4</b>	<b>1.5</b>	<b>+ 2.9</b>

- Net working capital inflow – increased payables offset by increased inventory and receivables
- Capital expenditure restricted in CY, spend for FY 2023 of c £2.0m planned
- Bank borrowings represent use of working capital facility
- Total bank facilities of £3.5m renewed – scheduled to expire 30 June 2023
- No financial covenants applicable to bank facilities

# OPERATIONAL REVIEW

Sheraz Ramzan  
CCO



## Optimising the omni-channel model

### LEVERAGING DEMAND ACROSS OWN CHANNELS

#### UK online

- Increased demand for occasion and dressy wear reflected in higher online sales
- 66% uplift in sales through QUIZ website; 68% of online sales in FY22
- Active customers increased 74% to 563,000 compared to PY
- Undertaking investment to improve online offering including order from and pick up in store



- Third party sites responsible for 32% of online sales
- Remain important for brand exposure



#### UK store and concessions

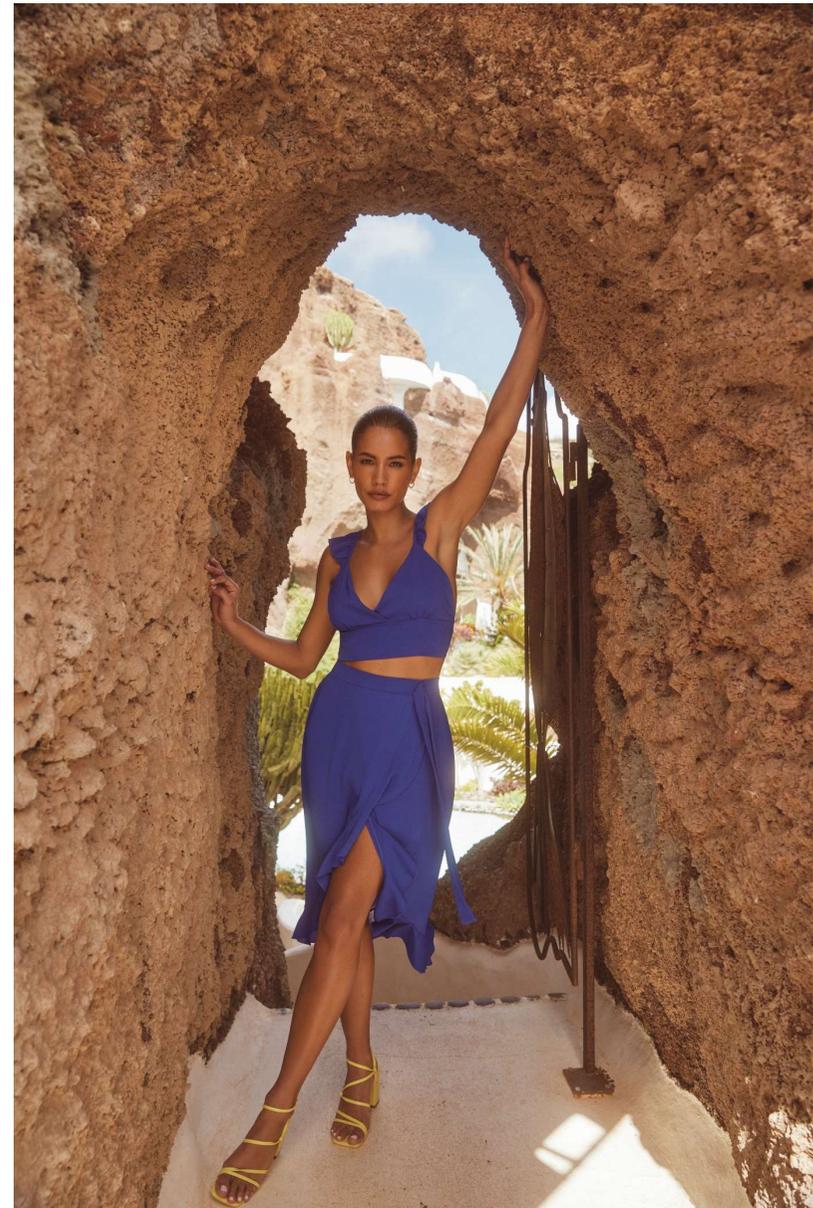
- Pleased with sales development across the year with return to previous levels on a LFL basis
- Two new stores opened and one closed in the year
- Flexible rental arrangements; largely revenue dependent and average lease term of 15 months; focussed on lease renewals
- Flexible concession arrangements; not staffed by QUIZ personnel with limited capital outlay

Stores	March 2022	March 2019	Change
UK stores	62	74	-12
<b>Concessions</b>			
New Look	58	3	+ 55
Debenhams/Outfit	-	131	-131
Other	11	30	-19
<b>Total concessions</b>	<b>69</b>	<b>164</b>	<b>- 95</b>

## Managing gross margin

### **GROSS MARGINS BACK TO PREVIOUS LEVELS**

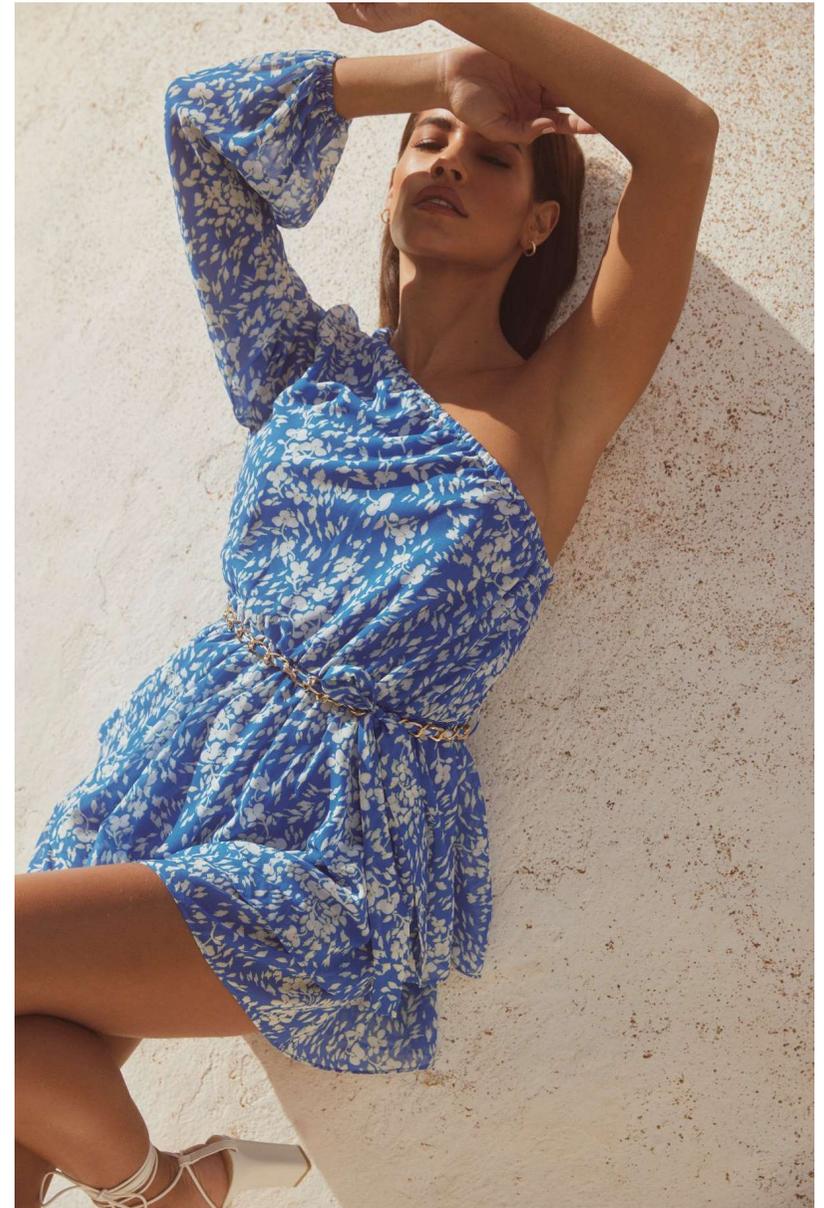
- Consistent with wider retail sector, start of the year was impacted by heavy discounting as stores and concessions reopened
- Positive response to brand and product with strong preference for new products from customers
- Gross margins progressively improved to previous levels over the year, with a 590bps year on year improvement to 60.3%
- Increased pressure on cost and deliveries initially absorbed by the business followed by price increases to compensate
- Built in longer delivery times to address supply chain disruption



Right-sizing our cost base

## LEVERAGE OFF EXISTING INFRASTRUCTURE TO IMPROVE MARGINS

- Restructuring of business in PY addressed store property costs and head office employee costs
- Group's infrastructure well positioned to facilitate sustained long term growth
- Operating cost increase limited to 22% compared to 97% revenue increase
- Increased industry-wide cost pressures likely to continue into FY23:
  - Wage inflation (including NLW)
  - Reduction in Business Rates Relief
  - Increased freight, energy and other costs
- Management focussed on proactive management of costs



Targeted investment supporting the brand

## INCREASED MARKETING INVESTMENT AS DEMAND RETURNED

- QUIZ brand is differentiated in the market
- Broad age appeal
- Specialise in occasion wear and dressy casual
- Spend increased as social restrictions were relaxed; initially focussed on digital returns-driven marketing
- Impact of celebrity and influencer activity during 2021 party season negated by increased social restrictions



- Marketing spend increased 64% to £2.3m (2021: £1.4m)
- Marketing investment in period equated to 3.0% of revenue (2021: 3.6%)
- Look to spend more on supporting brand going forward
- Look for clear returns from all marketing activity

# CURRENT TRADING & OUTLOOK

**Tarak Ramzan**  
CEO



## Current trading

**CONTINUED REVENUE GROWTH AND CASH GENERATION**

Revenue (£m)	FY 2023 Q1	FY 2022 Q1	YoY change
UK stores and concessions	13.0	7.2	+ 79%
Online	9.5	6.0	+ 58%
International	4.8	3.6	+ 34%
<b>Total sales</b>	<b>27.3</b>	<b>16.8</b>	<b>+ 62%</b>

Liquidity Headroom (£m)	30 June 2022	31 March 2022	
Cash	8.3	5.8	+ 2.5
Bank borrowings	-	-1.4	+ 1.4
Cash net of bank borrowings	8.3	4.4	+ 3.9
Unutilised bank facilities	3.5	2.1	+ 1.4
<b>Total liquidity headroom</b>	<b>11.8</b>	<b>6.5</b>	<b>+ 5.3</b>

- Strong customer demand has continued through to Q1 of FY23
- UK stores and concessions LFL performance broadly consistent with pre pandemic levels
- UK stores and concessions closed for part of April in prior year
- Traffic levels at similar levels to prior to pandemic on QUIZ website
- Year on year online growth predominantly through QUIZ website
- Positive cash generation in the period
- Reflects positive trading as well as circa £2.0m of a favourable net working capital movement

## Outlook

# CONFIDENT CUSTOMER PROPOSITION WILL CONTINUE TO REAP BENEFITS

### Short term considerations

- Pleased with sales momentum in Q1 of FY23
- Sector pressure including wages, business rates and freight cost throughout FY23
- Potential for sales later in year to be impacted by inflationary environment and cost of living increases

### Longer term considerations

- Confident that brand and business model remain relevant and attractive to customers
- Focused on development of QUIZ web sales
- Will open more stores where flexible terms and revenue dependent rental charges can be agreed
- Look to leverage off existing infrastructure to limit cost increases as revenues increase
- Confident that business can continue to grow revenues and profits

