5 July 2022

QUIZ

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

Final Results for the year ended 31 March 2022

Strong revenue recovery and return to profitability

QUIZ, the omni-channel fashion brand, announces its final audited results for the year ended 31 March 2022 ("FY 2022").

Financial highlights:
The income statement set out below is included to show the underlying performance of the Group:

£m	Year ended 31 March 2022 Underlying and Reported	Year ended 31 March 2021 Underlying	Year ended 31 March 2021 Adjusting items	Year ended 31 March 2021 Reported
Revenue	78.4	39.7	-	39.7
Gross profit	47.3	21.2	-	21.2
Government grants	1.0	8.2	-	8.2
Other operating expenses (net)	(47.4)	(38.8)	-	(38.8)
Operating profit/(loss)	0.9	(9.4)	-	(9.4)
Gain arising on disposal of subsidiary	-	-	10.4	10.4
Gain on bargain purchase arising on acquisition	-	-	5.2	5.2
Profit/(loss) before financing and taxation	0.9	(9.4)	15.6	6.2
Finance costs (net)	(0.1)	(0.2)	-	(0.2)
Profit/(loss) before tax	0.8	(9.6)	15.6	6.0
EBITDA/(Loss BITDA)	5.1	(4.9)	15.6	10.7

Adjusting items in FY21 included the non-recurring £10.4m gain arising on the disposal of a subsidiary undertaking when it was placed into Administration and £5.2 million gain on bargain purchase arising on an acquisition.

- Group revenue increased 97% year on year further to the removal of social restrictions, which led to an increased demand for our product offering as well as a reduction in the amount of time that stores and concessions were closed
- Higher levels of full price sales resulted in an increase to the gross margin at 60.3%, consistent with the gross margin generated in the year prior to the pandemic, from 53.4% in FY 2021
- The rise in operating costs, being distribution and administrative costs, was restricted to 22% as the increased revenues leveraged off the Group's existing infrastructure

- Underlying and reported EBITDA of £5.1 million (2021: underlying loss of £4.9 million, reported profit of £10.7 million)
- Underlying and reported profit before tax of £0.8 million (2021: underlying loss of £9.6 million, reported profit of £6.0 million)
- Operating cash inflows of £5.3 million (2021: outflow of £2.5 million)
- Total liquidity headroom at 31 March 2022 of £6.5 million, being cash net of borrowings of £4.4 million and £2.1 million of unutilised bank facilities (31 March 2021: £2.4 million, being cash net of borrowings of £1.5 million and £0.9 million of unutilised bank facilities)

Operational highlights:

- Strong online growth, with a 66% increase in sales through QUIZ's own website
- Active customers increased 74% on the prior financial year in line with demand for QUIZ's core occasion wear offering
- The benefit of store restructuring undertaken during the previous year was reflected in positive contribution from stores
- Recovery in International revenues with a 96% increase year on year
- 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), with one further opening in the Republic of Ireland subsequently

Post year end and Outlook:

- Revenues in the three months to 30 June 2022 increased 62% on the prior year and were consistent with the levels generated prior to the COVID-19 disruption on a like-for-like basis
- Potential for sales later in the year to be impacted by the effect of the inflationary environment and increases in the cost of living on consumer confidence
- Total liquidity headroom at 4 July 2022 of £11.8 million, being a cash balance of £8.3 million and £3.5 million of undrawn banking facilities, a £5.3 million increase since 31 March 2022
- Launched our first sustainable product range to help further our practices in environmentally responsible production
- The Board remains confident the Group can continue to deliver against its strategy and drive long-term sustainable and profitable growth despite the current challenging trading backdrop

Tarak Ramzan, Founder and Chief Executive Officer, commented:

"The Group delivered a very encouraging FY 2022 performance with very strong revenue growth and a return to profitability. This outcome reflects increased demand for QUIZ's product offering and was supported by the decisive actions we have taken in recent years to transform the business and successfully leverage the Group's omni-channel model and infrastructure.

We are very pleased with the strong uplift in active customers and sales growth through our own website, which is now supported by a flexible and profitable portfolio of stores and concessions.

I would like to take this opportunity to thank the Group's management team and all colleagues across the business for their commitment and hard work that has contributed to the recovery of the business after such a challenging period, and positioned it well for further growth.

Despite the well-documented challenges across the retail sector, we remain encouraged by customer demand for the QUIZ brand, with sales up by 62% in the year to date. Whilst there are significant levels of uncertainty impacting the consumer right now, we are confident that QUIZ is well positioned to continue to deliver against its strategy and drive long-term, sustainable and profitable growth."

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Notes:
This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

About QUIZ:
QUIZ is an omni-channel fashion brand, specialising in occasion wear and dressy casual wear. QUIZ delivers a distinct proposition that empowers its 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 rapidly into an international brand with stores, concessions, franchise stores, wholesale partners and international online partners in 20 countries.

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

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https://www.quizclothing.co.uk/
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CHAIRMAN'S STATEMENT

Introduction

We are pleased to present our financial statements for the year ended 31 March 2022 which show a substantial uplift in revenues further to the removal of COVID-19 related lockdowns and social restrictions. Due to the actions taken by the Group over the last 18 months with regards to restructuring our business and maintaining tight cost control and inventory management, we are happy to report a return to profitability.

I would like to take this opportunity to thank the Group's management team and all colleagues across the business for their commitment and hard work that has contributed to the recovery of the business after such a challenging period.

Our restructured business places greater emphasis on our stores and own website with a reduced dependence on less profitable third party revenues. Our own website which has driven the growth in online revenues in the year has traditionally generated a higher contribution than sales generated through third parties. In addition, our offline sales are more focussed on our own stores rather than concessions which have reduced in number from 119 to 69 in the year. Further to the restructuring of our store portfolio undertaken in the previous year, we are confident that our store estate will continue to generate a positive financial contribution going forward.

Our trademark occasion and dressy wear for social events and activities has always 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 return of these and other activities in the year has led the notable positive impact on customer demand.

FY2022 performance overview

The lifting of social restrictions resulted in sales progressively improving during the year and by the second half of the year they had returned to the levels achieved prior to the disruption caused by COVID-19 on a like-for like basis. This resulted in a 97% increase in the Group's revenues during the year to 31 March 2022 to £78.4 million (2021: £39.7 million).

The increase in revenues in part reflected the Group's stores and concessions not being closed for the same sustained periods as the previous year. In addition, the return of social events drove increased consumer demand for the occasion wear and dressy wear which are at the centre of the QUIZ brand.

As demand increased and revenues improved, so did the proportion of full price sales. This is reflected in the 690bps improvement in the gross margin generated compared to the same period in the previous year.

Management retained close control on operating costs, with the increase being restricted to 22% in the year despite the significant increase in sales. In addition to this, the business benefited from the restructuring of the Group's store estate in the previous year which lowered the rental costs payable. The existing lease arrangements provide increased flexibility, with rental charges predominantly linked to revenues generated. Whilst our stores currently have an average lease term of 15 months, given the positive contribution being generated, we are looking to secure longer lease arrangements across key sites, with a number of lease arrangements already renewed since the year end.

During the year the number of concessions operated by the Group reduced substantially and there was a planned reduction in revenues generated from third party websites. As a result, the Group's performance benefited from a higher proportion of revenues generated from its own stores and website which have traditionally generated a higher contribution than other revenue streams.

Further to the above, operating profit before financing and taxation of £0.9 million was generated (2021: operating loss of £9.4 million). The reported and underlying EBITDA amounted to £5.1 million (2021: reported – profit of £10.7 million; underlying – loss of £4.9 million). The reported and underlying profit before tax amounted to £0.8 million (2021: reported – profit of £6.0 million; underlying – loss of £9.6 million).

The Financial Review section provides more detail on the Group's financial performance during the year and an explanation as to the basis of preparation of the financial statements for the current and previous year, including an explanation of the underlying measures.

Cash position

One of the Group's primary objectives during the year was to start to reinstate its cash balance further to it being reduced when revenues fell in response to pandemic-related disruption. Increasing our cash balance provides greater financial stability and helps ensure that the business can continue to capitalise on increased demand for its product.

We were pleased to generate a cash inflow of £5.3 million from operating activities in the year (2021: outflow of £2.5 million). Further to this, the business has continued to restrict capital spend resulting in the total liquidity headroom improving by £4.1 million. As at 31 March 2022, the Group had £6.5 million of total liquidity headroom, being a cash balance and net of bank borrowings of £4.4 million and £2.1 million of undrawn bank facilities (31 March 2021: £2.4 million of total liquidity headroom).

The cash position since the year end has continued to improve, with total liquidity headroom on 4 July 2022 of £11.8 million, being a £8.3 million cash balance and £3.5 million of undrawn bank facilities. This represents a £5.3 million increase in total liquidity headroom since 31 March 2022 which reflects the recent positive trading as well as £2.0 million of a favourable net movement in working capital.

The £3.5 million bank facilities available to the Group were recently renewed and will expire on 30 June 2023. There are no financial covenants applicable to these facilities.

This will support the business's initiatives to further diversify the product range and ensure the Group is well positioned to respond to the continued increase in demand for its core occasion wear offering in due course.

Operating an ethical supply chain

The Board will continue to prioritise ensuring that the Group has an ethical and responsible supply chain that all QUIZ's stakeholders can be proud of. The Group is committed to continuing to invest in this critical area of the business to ensure that the Group's systems remain robust and that the Group's strict Ethical Code of Practice is always adhered to by all QUIZ suppliers.

There is an ongoing programme in place to ensure that all our products are supplied in line with our Ethical Code of Practice. Regular supplier visits continue to be conducted and processes are in place to allow for clear visibility across the Group's supply chain. The Board remains resolutely committed to ensuring the Group's systems, processes and culture are fit for purpose to assure compliance in this area.

Dividends

Given the level of profits generated in the current year, the Board does not recommend the payment of a final dividend (2021: £Nil).

Going forward the business is focussed upon continuing to strengthen its balance sheet and delivering a profitable performance, subject to which the Board would anticipate reinstating dividend payments.

Outlook and current trading

The Group has experienced strong demand for its product offering since the year end with a particular focus on holiday wear. As a result, revenues generated have been consistent with the period prior to the pandemic on a like-for-like basis.

The Board is pleased that the Group has achieved sales of £27.3m million since the period end, being the three months to 30 June 2022. This was driven by the good performance of our own website and across our store portfolio, which was subject to a lockdown for part of the equivalent period in the previous year. These sales are consistent with the Board's expectations and represents a £10.5m million or 62% increase on the revenues generated in the period from 1 April to 30 June 2021.

Revenues from each of the Group's channels were as follows:

	1 April to 30 June 2022	**1 April to 30 June 2021**	**Year-on-year change**
Online	**£9.5m**	£6.0m	**+ 58.2%**
UK stores and concessions	**£13.0m**	£7.2m	**+ 79.1%**
International	**£4.8m**	£3.6m	**+ 34.2%**
Total	**£27.3m**	£16.8m	**+ 62.0%**

These recent sales demonstrate that the QUIZ brand has strong customer appeal despite the potential for the current inflationary environment and increased costs of living to impact consumer spend and confidence. In addition, the business continues to manage the increased cost pressures affecting the wider retail sector such as wage inflation, the reinstatement of business rates and increases in input costs.

The Group's continued strong growth across all channels illustrates that that the Group's omni-channel business model remains critical and key to our long-term success which will be focused on the development of revenues from our own stores and website.

Despite the well-documented near-term challenges across the retail sector, we are encouraged by the continued increase in demand for the Group's product proposition and the revenue growth generated since the year end and this combined with the Group's return to profitability, mean we remain confident in the Group's future success.

Peter Cowgill

Non-Executive Chairman

CHIEF EXECUTIVE'S REPORT

Introduction

QUIZ's FY 2022 financial year reflected a strong recovery from the challenging trading conditions which arose as a result of the COVID-19 pandemic. The absence of prolonged lockdowns and the removal of restrictions on social activities resulted in sales gradually recovering to previous levels on a like-for-like basis.

The past year has illustrated the benefits of QUIZ's omni-channel model which provides customers with the opportunity to engage with the QUIZ brand across different channels. As a result, we have generated revenue growth in each channel during the year as follows:

	FY 2022	FY 2021	Year-on-year change	Share of revenue 2022	Share of revenue 2021
Online	£26.7m	£21.6m	+ 24%	34.1%	54.5%
International	£14.9m	£7.6m	+ 96%	19.0%	19.1%
UK stores and concessions	£36.8m	£10.5m	+ 250%	46.9%	26.4%
Total	£78.4m	£39.7m	+ 97%		

The Group's long-term strategy remains focussed on the development of the QUIZ brand through its omni-channel distribution model and to adapt and improve to ensure the brand continues to succeed. The Group continues to have a focus on achieving the further online growth potential available to QUIZ through its own website, which has historically generated a higher contribution than revenues from third party websites, supported by a flexible and profitable store and concession portfolio.

We continue to firmly believe that the QUIZ brand has a clear, differentiated position in the market as an occasion wear led brand and continues to resonate with a broad age range of customers. This belief is supported by the increased demand for our products across the year.

Optimising the omni-channel model in the UK

QUIZ's online channel provides the potential for significant long-term growth. The business has benefited from the return to social activities and the corresponding increase in customer demand for occasion wear has increased the profitability of sales, particularly online.

Given the long-term trends towards increased online shopping, we continue to believe that QUIZ's online channel offers significant long-term profitable growth potential for the Group. In FY 2022, given the increase in stores and concession revenues in the year, online sales represented 34% of QUIZ's Group revenue (2021: 55%), which is broadly consistent with the share of online revenues prior to the pandemic.

Going forward, the focus will be to ensure the business continues to benefit from offering on trend product for social activities ranging from lunch with friends through to attending weddings. The business continues to benefit from altering its product offering dependent upon the occasion, whether that be attending a race day, going on holiday, or preparing for the Christmas party season.

Sales volumes through the QUIZ website have continued to improve since the year end.

The Group has continued to reduce its exposure to UK department stores. In the year ended 31 March 2022 the number of concessions operated reduced from 119 to 69. The decline reflects the closure of concessions that were generating little return or were operating at a loss as well as the impact of the closure of Debenhams and Outfit stores. The majority of the remaining concessions are operated in New Look stores and allow for flexible arrangements for increasing the number of concessions operated given these are not staffed by QUIZ personnel and there is limited capital outlay required. The business will open further concessions selectively depending upon the potential level of sales and financial returns.

The Group believes that stores and concessions with appropriate cost bases can make a positive contribution going forward and is encouraged by the improvement in returns generated from stores across the year. 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. We opened two new stores in the year and closed one. We will continue to open new stores where appropriate flexible lease arrangements can be secured.

Selective international growth potential through capital light model

We continue to receive positive customer reactions to the QUIZ brand internationally. Our mix of casual and occasion wear can be tailored for each market and our flexible route to market has been beneficial.

International customers also experienced increased demand further to the cessation of lockdowns and the relaxation of social restrictions. Given this, international revenues continue to represent 19% of Group revenue (2021: 19%). We continue to identify opportunities to extend our sales through low-risk, low-cost international expansion driven by our capital-light online, consignment and concession routes to market.

Managing gross margin

During the current year, gross margins progressively improved to their previous levels and in the second half of the year were consistent with the levels generated prior to the pandemic. The increased preference for newer full price product experienced during the year and the higher proportion of sales through the higher margin store and concession channel resulted in the gross margin increasing to 60.3% (2021: 53.4%) which is consistent with the gross margin generated in the year prior to the pandemic.

During the year we encountered increased cost pressures in relation to product costs and the costs associated with their shipment. Whilst these additional costs were initially absorbed by the business, we have successfully adjusted prices to maintain our gross margin.

In addition to this cost pressure, the lead times for product being delivered have extended. To date we have successfully adjusted delivery schedules to ensure that product is available when required and avoided any significant disruption to product availability.

Leveraging our cost base

We continue to carefully manage costs and will look to leverage off the Group's existing infrastructure as revenues grow. We were pleased that the increase in operating costs was restricted to 22%, which was substantially below the 97% increase in revenues.

The Group continues to benefit from the substantial cost savings in the previous year which arose from the renegotiation of rental arrangements for stores and the reduction of staff numbers at head office and across the business.

As well as various cost saving initiatives, the utilisation of the various arrangements to support businesses provided by the UK Government have been beneficial in managing the most significant disruption arising from COVID-19, with the provision of £1.0 million (2021: £8.2 million) of cash support received under the furlough scheme and other payments.

We will continue to review our cost base to ensure it is appropriate for the revenues that will be generated going forward.

A strong brand

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

We firmly believe that the QUIZ brand has a clear, differentiated position in the market with a specialisation in occasion wear and dressy casual wear for women, and the brand continues to resonate with a broad age range of customers. This belief was supported by the increased demand for our products over the year as restrictions on social events were eased.

The number of online active customers increased during the year, reflecting the recovery in online revenues and the appeal of the QUIZ brand. The number of active customers, increased by 74% to 563,000 (2021: 323,000) which is approaching the levels achieved prior to the pandemic.

During the period, the brand has maintained its social media engagement relative to the prior year, with 2% and 3% increases in our Instagram and Facebook audiences respectively.

Our flexible supply chain remains a key competitive advantage

The business has a well invested infrastructure and a proven successful supply chain which allows us to source clothes in a responsible and ethical manner. This allows for the business to respond to customer demands and to provide on-trend product whether it be influenced by social media, the catwalk or television. In the last year we have started to work to broaden our supply base to help reduce any dependency on any one particular supplier or region. Our supply chain and ability to constantly refresh products for sale in store and online are strong competitive advantages.

QUIZ continues to introduce new products each week in order to meet customer demand as trends emerge throughout the season. The Board believes this remains an important component for success as customers increasingly access the options available of where, when and how to shop.

Launching QUIZ's first sustainable collection

We have recently introduced our first sustainable product range.

The QUIZ Eco collection is our first step to create an environmentally friendly collection. The capsule collection is designed and manufactured in the UK via the Global Recycled Standard certified route. Remaining mindful and lowering our environmental impact, QUIZ ECO uses recycled polyester fibre made into fabric blends to help further our practices in environmentally responsible production. The print range used on the recycled soft fabrics are water-based, using less chemicals and therefore producing less waste along the way.

Targeted marketing investment

Continuing to underpin the growth and expansion of the QUIZ brand is the Group's approach to targeted and returns-driven marketing investment. Investment continued to be carefully managed during the year given the Group's focus on cost management. Whilst marketing spend increased 64% to £2.3 million (2021: £1.4 million) revenues rose 97% and a result marketing investment as a proportion of Group sales for FY 2021 decreasing to 3.0% (2021: 3.6%).

With stores and concessions being open across most of the year, we increased marketing activity and influencer and celebrity campaigns for the autumn / winter 2021 period to promote our party wear ranges. The impact of this activity was hindered by the reintroduction of restrictions on social events prior to Christmas.

Since January and the removal of social restrictions, we have increased our budgets and have undertaken a number of successful influencer marketing initiatives and will continue this activity through the remainder of the year. We are excited to see a positive response to our recent social media activity and the resulting demand for our ranges of holiday wear. This activity continues to be supplemented with digital marketing and offline activity to ensure that QUIZ remains at the forefront of our customers' minds.

Strategic KPIs

	FY 2022	FY 2021	Change	FY 2020
Active customers	563,000	323,000	+74.3%	638,000
Online sales as a % of turnover	34.1%	54.5%	-21.4%	31.8%
International outlets serviced	82	76	+6	80
UK retail space – square footage	136,000	174,000	-22%	218,000

Our team

Our business has staged a strong recovery from the unprecedented challenges posed by the COVID-19 pandemic. The resilience of the business is a reflection of the commitment and professionalism shown by our colleagues across our stores and concessions, distribution centre and head office through these difficult times. I would like to thank all my colleagues for their hard work and contribution in the last year and we can look forward to achieving further profitable growth going forward.

I would also like to thank our suppliers, business partners and customers for their continued support, allowing the business and brand to approach the future with confidence.

Tarak Ramzan
Chief Executive Officer

FINANCIAL AND BUSINESS REVIEW

Basis of preparation

To provide comparability across reporting years, the results within this Financial Review are presented on an "underlying" basis and excludes certain non-recurring transactions. In the previous year, an adjustment is made to exclude the non-recurring £15.6 million of gains which arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets. A reconciliation between underlying and reported results is provided at the end of this Financial Review.

Group overview

The business benefited from the removal of lockdowns and the relaxation of social restrictions related to COVID-19. There was an uplift in revenues across each area of our business during the year, with the focus on responding to the increased demand, re-establishing revenues and profitability and to continue to strengthen the Group's financial position.

Group revenue increased 97% to £78.4 million (2021: £39.7 million).

Further to this increase in revenues, the reported and underlying operating profit generated was £0.9 million (2021: reported operating profit of £6.2 million and underlying operating loss of £9.4 million).

Financial KPIs

	FY 2022	FY 2021	Change
Revenue	£78.4m	£39.7m	+ 97.4%
Gross margin	60.3%	53.4%	+ 6.9%
Adjusted EBITDA % [1]	6.6%	(12.3%)	+ 18.9%
Cash from operating activities [1]	£5.3m	(£2.5m)	+ £7.8m

1. *In the previous year the impact of the non-recurring gains which arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets is excluded.*

Underlying EBITDA increased to a profit of £5.1 million (2021: loss of £4.9 million) which represented a EBITDA margin of 6.6% (2021: negative margin of 12.3%). Including the non-recurring transactions, EBITDA was £5.1million (2021: £10.7 million).

Underlying Group profit before tax was £0.8 million (2021: loss of £9.6 million). Profit before tax reflecting non-recurring transactions was £0.8 million (2021: £6.0 million).

Further to this, the underlying earnings per share, which is calculated using the underlying profit/(loss) before tax less tax at the effective statutory rate, was 1.65 pence (2021: loss of 7.54 pence). After reflecting the non-recurring transactions, the earnings per share was 1.65 pence (2021: earnings of 5.00 pence).

Cash net of bank borrowings at the year end amounted to £4.4 million (2021: £1.5 million).

Revenue

Group revenue increased by 97% to £78.4 million from £39.7 million in 2021, with our three revenue channels shown below:

	FY 2022	FY 2021	Year-on-year growth	Share of revenue 2022	Share of revenue 2021
Online	£26.7m	£21.6m	+ 24%	34.1%	54.5%
International	£14.9m	£7.6m	+ 96%	19.0%	19.1%
UK stores and concessions	£36.8m	£10.5m	+ 250%	46.9%	26.4%
Total	£78.4m	£39.7m	+ 97%		

Online

The increase in Online revenues reflects the increased demand for product following the removal of social restrictions and the reinstatement of social occasions through the period.

Growth in revenues generated through QUIZ website sales amounted to 66%. Sales through third-party websites declined 21% in the year reflecting the termination of sales through certain third-parties and a reduction in the stock made available to other third-parties to help maximise the financial returns generated.

The impact of the stronger demand during the year was reflected in the number of active customers at 31 March 2022, which increased 74% in the year to 563,000 (2021: 323,000).

International

International sales include revenue from QUIZ standalone stores and concessions in the Republic of Ireland and franchises in 19 countries.

As with the UK sales, International revenues benefited from increased demand as pandemic related restrictions were eased leading to a 96% rise to £14.9 million (2021: £7.6 million).

Revenues in Ireland increased 262% in the year to £4.3 million (2021: £1.2 million) further to the reduction in the lockdown periods which restricted trading. At 31 March 2022 the business operated 5 stores and 18 concessions in Ireland (March 2021 – 5 stores and 15 concessions), with a new store opening subsequent to the year end.

Franchise sales also benefited from the removal of lockdown and social restrictions and the subsequent return to previous demand levels. Further to this, revenues increased 65% to £10.6 million (2021: £6.4 million).

UK stores and concessions

Sales in the Group's UK standalone stores and concessions increased 250% to £36.8 million (2021: £10.5 million). The increase was largely attributable to our store estate and concessions trading for most of the year.

In the previous year, store revenues were impacted by the closure of stores for a period whilst new lease arrangements were negotiated following the restructuring of the store estate. In addition, stores and concession revenues were also impacted by the various lockdowns whereby stores were not allowed to trade and the reduced demand further to restrictions on social occasions.

As at 31 March 2022, the Group operated from 62 stores and 69 concessions (2021: 61 stores and 119 concessions). In the current year, the numbers of concessions operated was impacted by the closure of the Debenhams stores. As a result of these changes, total selling space across the stores and concessions at 31 March 2022 decreased by 22% to 136,000 sq. ft. (2021: 174,000 sq. ft.).

Gross margin

Gross margins in the year progressively improved and returned to the levels generated prior to the pandemic. In the current year, customers have expressed their preference for new products and whilst promotional activity is still undertaken it is not as aggressive as in the previous year. In addition, a higher proportion of sales were generated through stores and concessions which are traditionally higher margin channels.

Further to the factors, the gross margin in the year increased to 60.3% (2021: 53.4%).

Progress was made in disposing of excess stock from previous lockdown periods and this contributed to a £1.1 million reduction in the provision against slow-moving stock in the year to £2.6 million (2021: £3.7 million).

During the year we continued to encounter increased product cost and shipment cost pressures. Whilst these additional costs were initially absorbed by the business, we have marginally increased prices to maintain our gross margin.

In addition, the widely reported industry-wide global freight disruption and increased costs have affected, and continue to affect, the Group. To date we have minimised the impact of increased costs on customers arising from additional freight costs by adjusting delivery schedules to ensure that product is available when required.

Underlying operating costs

Further to the Group's increased revenues and operational activities there have been increases in operating costs, namely administrative and distribution costs, in the year. Operating costs increased by 22% from £38.8 million to £47.4 million.

The increases in costs reflect the impact of higher revenues on variable costs, including turnover rents, merchant fees, certain distribution costs, utilities, travel and expenses.

In addition to these increases, the receipts from the financial support such as furlough payments for employees provided by the UK Government, which is included in other operating income, has reduced 88% to £1.0 million (2021: £8.2 million). If this income was offset against operating costs, the increase in underlying operating costs amounted to 52%.

Administrative costs increased by £6.1 million or 20% to £36.6 million (2021: £30.5 million). The most significant increases included:

- A £3.6 million or 114% rise in property costs to £6.7 million (including depreciation charges in relation to leases for standalone stores). Costs were lower in the previous period as there were no rental charges for standalone stores between leases being terminated on 10 June 2020 and new leases being agreed on a store by store basis. In addition, the increase relates to higher charges for stores where rentals are tied to revenues generated and the partial reintroduction of business rates for retail businesses

- A £0.9 million or 64% increase in marketing costs to £2.3 million. Spend was focused on digital marketing where a clear Return on Investment can be demonstrated and spend to drive broader awareness of the QUIZ brand and to ensure the business benefited from the increased consumer demand for occasion and dressy wear; and

- A £0.5 million or 104% uplift in merchant fees which is broadly in line with the increase in revenues in the year.

The above increases were partially offset by a £0.7 million or 22% decrease in depreciation and amortisation costs (excluding depreciation charges in relation to leases for standalone stores which are reflected in property costs) to £2.3 million (2021: £3.0 million) which reflect the higher level of asset impairments and therefore reduced depreciation charges recorded in previous years.

Distribution costs increased 30% to £10.8 million (2021: £8.3 million) and is reflective of the higher revenues generated in the period. Included in distribution costs are commission payments to third parties which sell product on behalf of QUIZ. These increased as a result of the higher revenues generated through concessions and International franchise partners.

Also reflected in the increase in distribution costs are higher carriage costs to stores, concessions and franchises as well as to online customers further to the increased revenues generated.

Other operating income

Given the lockdown that applied at the beginning of the year and the time that elapsed before demand returned to normalised levels, the business continued to benefit from the financial support provided by the UK Government in response to the COVID-19 pandemic.

The Group placed employees on furlough through the Government's Coronavirus Job Retention Scheme and received £0.6 million (2021: £7.0 million) of payments in relation to its utilisation of these arrangements.

In addition, there were £0.4 million (2021: £1.2 million) of payments received in relation to coronavirus grants made available to retail businesses which were closed due to national or local restrictions.

In addition to the above the business benefited from the partial waiver of business rates for retail businesses in England and the suspension of business rates for retail business in Scotland and Northern Ireland. It is disappointing to note that business rates are being reinstated to their previous levels despite the ongoing challenges faced by the retail sector.

Non-recurring items

As noted above, in the previous year £15.6 million of gains arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets.

Finance costs

The finance cost of £0.1 million (2021: £0.2 million) primarily relates to interest costs arising on the lease payments for stores in accordance with IFRS 16.

Taxation

In the current year the Group recorded an income tax credit of £1.3 million (2021: £0.2 million) which represents a reported tax rate of a credit of 160.0% (2020: tax credit rate of 3.1%).

Included in the income tax credit is £0.9 million in relation to the anticipated future cash benefit expected to be derived from utilising previously generated tax losses and available capital allowances in excess of the recorded net book value. This is reflected in the deferred tax asset of £1.0 million (2021: £0.1 million). The deferred tax asset had not previously been recognised given the uncertainty with regards to future earnings and the timing of the assets being realised. Given the improved financial performance in the current year it is now considered appropriate to recognise these assets.

In addition, the tax credit reflects an anticipated £0.4 million cash payment from carrying back of tax losses to reclaim tax paid in previous periods.

The remaining unrecognised deferred tax asset at 31 March 2022 amounts to £0.4 million (2021: £1.9 million).

Earnings per share

Basic earnings per share for 2022 was 1.65 pence per share (2021: 5.00 pence).

The underlying basic loss per share for 2022, which is calculated using the underlying loss after tax, was 1.65 pence (2021: loss of 7.54 pence).

Dividends

No dividend was paid during the year (2021: £Nil). Given the relatively low level of operating profits generated in the current year the Board does not recommend the payment of a final dividend.

Cash flow and cash position

Cash, net of bank borrowings, at the year-end amounted to £4.4 million (2021: £1.5 million).

Net cash flow from operating activities resulted in an inflow of £5.3 million (2021: outflow of £2.5 million). Reflected in this inflow of cash is a £0.2 million working capital inflow (2021: £2.3 million). The reduction in working capital in the year, which is net of the impact of the administration of the subsidiary undertaking, arose further to:

- higher revenues being derived from third parties leading to a £2.5 million uplift in receivables;
- increased stock purchasing and other operating expenses which resulted in a £3.3 million increase in payables; and
- the unwind of stock further to increased sales and discounting undertaken at the start of the financial year resulting in a £0.6 million increase in inventories.

Given the continued focus on preserving cash and in strengthening the balance sheet in the last year, investment in the business was restricted to £0.5 million with £0.2 million spent on intangible assets and £0.3 million on property, plant and equipment.

Loans at 31 March 2022 of £1.4 million was consistent with the previous year.

The payment of lease liabilities amounted to £1.9 million (2021: £1.3 million) reflecting lease charges and the increased period of trading for the relevant stores in the past year.

Foreign currency hedging

The Group currently undertakes foreign exchange transactions.

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

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 twelve months in advance. We have currently hedged our expected currency inflows and outflows in respect of Chinese Renminbi for the remainder of the financial year to 31 March 2022.

Reconciliation of underlying and reported IFRS results

In establishing the underlying operating profit in the prior year an adjustment is made to remove the impact of the non-recurring £15.6 million of gains which arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets, as described in Notes 6 and 7.

A reconciliation between underlying and reported results is provided below:

	2022	2021		
£m	Underlying and Reported	Underlying	Non-recurring costs	Reported
Revenue	78.4	39.7	-	39.7
Gross profit	47.3	21.2	-	21.2
Government grants	1.0	8.2	-	8.2
Other operating costs (net)	(47.4)	(38.8)	-	(38.8)
Operating loss	0.9	(9.4)	-	(9.4)
Gain on disposal of subsidiary	-	-	10.4	10.4
Gain on bargain purchase arising on acquisition	-	-	5.2	5.2
(Loss)/(profit) before finance costs	0.9	(9.4)	15.6	6.2
Finance costs (net)	(0.1)	(0.2)	-	(0.2)
(Loss)/profit before tax	0.8	(9.6)	15.6	6.0
Operating loss	0.9	(9.4)	-	(9.4)
Gain on disposal of subsidiary	-	-	10.4	10.4
Gain on bargain purchase arising on acquisition	-	-	5.2	5.2
Depreciation and amortisation	4.2	4.5	-	4.5
EBITDA	5.1	(4.9)	15.6	10.7

QUIZ plc

Consolidated statement of comprehensive income
Year ended 31 March 2022

	Notes	2022 £000	2021 £000
Continuing operations			
Revenue	2	78,371	39,703
Cost of sales		(31,074)	(18,516)
Gross profit		**47,297**	**21,187**
Administrative costs		(36,578)	(30,476)
Distribution costs		(10,820)	(8,304)
Government grants	3	1,010	8,163
Other operating income		1	70
Total operating costs		**(46,387)**	(30,547)
Operating profit/(loss)	5	**910**	**(9,360)**
Gain arising on disposal of subsidiary undertaking	6	-	10,364
Gain on bargain purchase arising on acquisition	7	-	5,216
Profit before financing and taxation		**910**	**6,220**
Finance income	8	-	45
Finance costs	8	(122)	(239)
Profit before income tax		**788**	**6,026**
Income tax credit	9	1,261	186
Profit for the year		**2,049**	**6,212**
Other comprehensive income:			
Foreign currency translation differences – foreign operations		(20)	(20)
Profit and total comprehensive income for the year attributable to owners of the parent		**2,029**	**6,192**
Profit per share:			
Basic and diluted earnings per share	10	**1.65p**	5.00p

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

QUIZ plc

Consolidated statement of financial position
As at 31 March 2022

	Notes	31 March 2022 £000	31 March 2021 £000
Assets			
Non-current assets			
Property, plant and equipment	12	3,985	5,218
Right to use asset	13	1,108	2,981
Intangible assets	14	2,782	3,413
Deferred tax assets	20	964	74
Total non-current assets		**8,839**	**11,686**
Current assets			
Inventories	15	11,710	11,087
Trade and other receivables	16	6,425	3,590
Cash and cash equivalents		5,840	4,183
Total current assets		**23,975**	**18,860**
Total assets		**32,814**	**30,546**
Liabilities			
Current liabilities			
Trade and other payables	17	(11,466)	(8,202)
Loans and borrowings	18	(1,420)	(2,662)
Lease liabilities	13	(954)	(1,866)
Derivative financial liabilities	19	(65)	(21)
Total current liabilities		**(13,905)**	**(12,751)**
Non-current liabilities			
Lease liabilities	13	(185)	(1,099)
Deferred tax liabilities	20	(21)	(74)
Total non-current liabilities		**(206)**	**(1,173)**
Total liabilities		**(14,111)**	**(13,924)**
Net assets		**18,703**	**16,622**
Equity			
Called-up share capital	22	373	373
Share premium	22	10,315	10,315
Merger reserve	22	1,130	1,130
Retained earnings	22	6,885	4,804
Total equity		**18,703**	**16,622**

QUIZ plc

Consolidated statement of changes in equity
Year ended 31 March 2022

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2020	**373**	**10,315**	**915**	**(1,477)**	**10,126**
Profit and total comprehensive income for the year	-	-	-	6,192	6,192
Share-based payments charge	-	-	-	89	89
Movement arising from administration of subsidiary	-	-	215	-	215
At 31 March 2021	**373**	**10,315**	**1,130**	**4,804**	**16,622**
Profit and total comprehensive income for the year	-	-	-	2,029	2,029
Share-based payments charge	-	-	-	52	52
At 31 March 2022	**373**	**10,315**	**1,130**	**6,885**	**18,703**

QUIZ plc

Consolidated cash flow statement
Year ended 31 March 2022

	Notes	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Cash flows from operating activities			
Cash generated by operations			
Profit before tax for the year		2,049	6,212
Adjusted for:			
Depreciation of property, plant and equipment		1,522	2,153
Depreciation of right-of-use assets		1,873	1,447
Amortisation of intangible assets		832	868
Gain from disposal of subsidiary undertaking		-	(10,364)
Gain on bargain purchase arising from acquisition		-	(5,216)
Share-based payment charges		52	89
Exchange movement		(20)	(3)
Finance cost expense		122	194
Income tax credit		(1,261)	(186)
Increase in inventories		(623)	(1,486)
(Decrease)/increase in receivables		(2,454)	2,517
Increase in payables		3,308	1,266
Net cash from operating activities		**5,400**	(2,509)
Interest paid		(40)	(55)
Income taxes (paid)/refunded		(62)	97
Net cash inflow/(outflow) by operating activities		**5,298**	**(2,467)**
Cash flows from investing activities			
Payments to acquire intangible assets		(200)	(220)
Payments to acquire property, plant and equipment		(290)	(101)
Payment to acquire trade and assets		-	(1,302)
Interest received		-	45
Net cash outflow from investing activities		**(490)**	**(1,578)**
Cash flows from financing activities			
Loans received		14	1,406
Payment of lease liabilities		(1,908)	(1,316)
Net cash (outflow)/inflow from financing activities	24	**(1,894)**	**90**
Net increase/(decrease) in cash and cash equivalents		**2,914**	**(3,955)**
Cash and cash equivalents at beginning of year		**2,927**	**6,897**
Effect of foreign exchange rates		**(1)**	(15)
Cash and cash equivalents at end of year	25	**5,840**	**2,927**

The Group considers overdrafts to be an integral part of its cash management activities and these are included in cash and cash equivalence for the purposes of the cash flow statement.

1 Significant accounting policies

General information

Quiz Plc (the 'parent company') is a public limited company, incorporated and domiciled in Jersey. It is listed on AIM. The registered office of the Company is 22 Grenville Street, St Helier, Jersey, Channel Islands E4 8PX. The principal activity of the group is that of retailing clothes.

Basis of preparation

The Board of Directors approved this preliminary announcement on 4 July 2022. Whilst the financial information included in the preliminary announcement has been prepared in accordance with the recognition and measurement criteria of UK-adopted International Accounting Standards and the Companies (Jersey) Law 1991, this announcement does not itself contain sufficient information to comply with all the disclosure requirements of UK-adopted International Accounting Standards and does not constitute statutory accounts within the meaning of Companies (Jersey) Law 1991 but is derived from the accounts of the Company for the years ended 31 March 2022 and 2021. The financial information is prepared on the same basis as set out in the statutory accounts for the year ended 31 March 2022.

The financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Monetary amounts in these financial statements are rounded to the nearest thousand. Foreign operations are included in accordance with the policies set out below.

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

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

The statutory accounts for the year ended 31 March 2021 have been filed with the Jersey Companies Registry and the statutory accounts for the year ended 31 March 2022 will be filed in due course. The auditors have reported on the accounts for the years ended 31 March 2022 and 2021; their reports were unqualified, did not include any matters to which the auditor drew attention by way of emphasis and under 113B (3) or 113B (4) of the Companies (Jersey) Law 1991.

Accounting standards in issue but not yet effective

At the date of issue of these financial statements, 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.

Going concern

The Directors have prepared a detailed forecast with a supporting business plan for the foreseeable future to determine whether the Group will have adequate resources to enable it to operate as a going concern for the foreseeable future.

When preparing this forecast, the Directors considered the current trading levels, which have been consistent with management's expectation, and the outlook for the Group against their detailed base case scenario and further downside scenarios.

At 31 March 2022, the Group had cash net of bank borrowings of £4.4 million, being a £5.8 million cash balance offset by a bank loan of totalling £1.4 million, and £2.1 million of unutilised banking facilities (2021: £1.5 million of net cash and £0.9 million of unutilised banking facilities).

Borrowing facilities

The Group has £3.5 million of banking facilities, which were recently extended until 30 June 2023. These facilities comprise a £2.0 million overdraft and £1.5 million working capital facility. There are no financial covenants associated with these facilities, which are reviewed annually. Whilst the facilities are repayable on demand the Directors believe that these facilities will be available to the Group through to 30 June 2023 and will be renewed in due course.

The Group had a cash balance of £8.3 million at 4 July 2022 and £3.5 million of unutilised banking facilities.

Forecast scenarios

The Directors have reviewed management's business plan forecast for the period to 31 March 2023. The forecasts have been produced on the following basis:

- Base case scenario assumes stores and concessions are open throughout the period under review. A sales recovery is assumed to levels consistent with those generated prior to COVID-19 on a like-for-like basis throughout the period under review for stores and concessions. Web sales are assumed to be at a level similar to those generated prior to COVID-19. The assumed sales levels are consistent with those currently achieved.
- Downside scenario assumes reduced sales across the next year to reflect reduced demand including assumed reductions in store and concessions sales of 10% on a like-for-like basis. Online sales are assumed to be 10% below their base case scenario.

Within each forecast, management have reflected outstanding financial commitments and the impact of previously realised cost savings. There are no further anticipated savings incorporated in response to any downside scenario for reduced revenues. 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.

The Base Case and Downside scenario forecasts indicate the Group will remain within its available borrowing facilities through the forthcoming twelve month period. Under the downside scenario the Group has more than £4.5 million available liquidity headroom through-out the period under consideration.

Going concern basis

Based on the assessment outlined above, 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 at least twelve months from the date when these financial statements are authorised to be issued. For these reasons, the Directors consider it appropriate for the Group to continue to adopt the going concern basis of accounting in preparing the Annual Report and financial statements. Accordingly, the financial statements of the Group have been prepared on a going concern basis in accordance with UK-adopted International Accounting Standards and the Companies (Jersey) Law 1991.

2 Revenue

An analysis of revenue by geographical destination is as follows:

	2022 £000	2021 £000
Online	26,742	21,621
International	14,862	7,592
UK stores and concessions	36,767	10,490
	78,371	39,703

	2022 £000	2021 £000
United Kingdom	63,176	31,565
Rest of the world	15,195	8,138
	78,371	39,703

As at 31 March 2022 non-current assets in the United Kingdom were £8,616,000 (FY 2021: £11,528,000) with £223,000 (FY 2021: £158,000) located in the rest of the world.

3 Government grants

	2022 £000	2021 £000
Government support – furlough payments	640	6,943
Government support – grant income	370	1,220
	1,010	8,163

4 Employee benefit expenses

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

	2022 £000	2021 £000
Wages and salaries	14,420	15,382
Social security costs	1,023	969
Other pension costs	302	299
Agency costs	2,065	939
Share-based payment charges	52	89
	17,862	17,678

	No.	No.
Retail	689	998
Distribution	37	46
Administration	196	206
	922	1,250

Included above is £679,000 in respect of Directors' remuneration (FY 2021: £624,000).

5 Operating profit

Operating profit is stated after charging/(crediting):

	2022 £000	2021 £000
Cost of inventories recognised as an expense	31,074	18,516
Distribution costs	10,820	8,304
Employment costs	17,862	17,678
Depreciation	3,395	3,600
Amortisation	832	868
Short-term and variable lease costs	2,105	430
Government grants	(1,010)	(8,163)
Other operating income	(1)	(70)
Other expenses	12,384	7,900
	77,461	49,063

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

	2022 £000	2021 £000
Audit services		
Audit of the Company and the consolidated financial statements	18	12
Audit of the Company's subsidiaries	117	80
Total audit fees	135	92
All other services	4	1
Total fees payable to the Company's auditors	139	93

6 Gain arising from disposal of subsidiary undertaking

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. On 10 June 2020, the Company announced proposals to restructure its standalone retail store portfolio which resulted in Kast being placed into administration and triggered the disposal of Kast by QUIZ plc which resulted in the gain below:

	£000
Disposal proceeds	-
Net liabilities of subsidiary undertaking disposed of	(10,364)
Gain arising on disposal of subsidiary undertaking	(10,364)

The net liabilities of the disposed subsidiary undertaking primarily related to lease liabilities in relation to leases associated with standalone stores

7 Gain on bargain purchase arising on acquisition

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 on 10 June 2020 for a cash consideration of £1,302,000.

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.

The acquired business contributed revenues of £5,975,000 and profit after tax of £1,117,000 to the Group for the period from 10 June 2020 to 31 March 2021. The activities of the acquired business in the period from 1 April to 10 June 2020 are reflected in the consolidated financial statements contributing no revenues and a loss after tax of £2,983,000. The results of the combined entity for the full financial year are therefore revenues of £5,975,000 and loss after tax of £1,866,000 and these are fully reflected in the consolidated financial statements.

The gain on bargain purchase amounting to £5,216,000 on the acquisition, which arose as the deemed fair value of the asset acquired was greater than the consideration paid, has been recognised in the Statement for Comprehensive Income for the year.

Details of the acquisition are as follows:

	Fair Value £000
Receivables	266
Property, plant and equipment	5,429
Intangibles	1,199
Inventories	2,420
Trade payables	(2,036)
Employee benefits	(365)
Other liabilities	(395)
Net assets acquired	6,518
Gain on bargain purchase	(5,216)
Fair value of the total consideration transferred	1,302
Represented by:	
Cash paid to the vendor	1,302

The assets and liabilities acquired have been recognised at their estimated fair values at the acquisition date on the basis that the business is being carried on as a going concern and is expected to generate a positive financial contribution going forward. The costs of the acquisition recognised as an expense as part of administration costs amounted to £194,000.

8 Finance income and expense

	2022 £000	2021 £000
Interest on cash deposits	-	45
Finance income	-	45

	2022 £000	2021 £000
Interest on lease liabilities	82	199
Interest on loans and overdrafts	40	38
Other interest	-	2
Finance expense	122	239

9 Income tax

	2022 £000	2021 £000
UK corporation tax – current year	-	-
UK corporation tax – prior year	(244)	(170)
Foreign tax	-	(9)
Deferred tax – current year	(1,088)	(200)
Deferred tax – prior year	71	193
Tax on profit	(1,261)	(186)
Reconciliation of effective tax rate		
Profit on ordinary activities before taxation	788	6,027
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19%	150	1,145
Expenses not deductible for tax purposes	42	(2,862)
Non recognition of potential of deferred tax asset	-	1,494
Impact on deferred tax of increase in UK corporation tax rate	13	-
Recognition of previously unrecognised deferred tax asset	(964)	-
Utilisation in current year of previously unrecognised deferred tax asset	(327)	-
Adjustments to previous years	(173)	23
Foreign tax adjustments	(2)	14
	(1,261)	(186)

10 Earnings per share

Number of shares:	2022 No.	2021 No.
Weighted number of ordinary shares outstanding – basic and diluted	124,230,905	124,230,905

Earnings:	£000	£000
Profit	2,049	6,212
Profit/(loss) adjusted	2,049	(9,368)

Earnings per share:	Pence	Pence
Basic earnings per share	1.65	5.00
Adjusted earnings per share	1.65	(7.54)

The diluted basic and adjusted earnings per share is the same as the basic and adjusted earnings per share each year as the average share price during the year was less than the prices applicable to the outstanding options and therefore the outstanding options were not dilutive.

The adjusted profit after tax in the previous year is shown before the impact of the £15,580,000 of gains which arose from the disposal of a subsidiary undertaking which entered administration and the subsequent repurchase of its business and certain assets

The Directors believe that the adjusted profit/(loss) after tax and the adjusted earnings/(loss) 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/(loss) 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 Dividends

No dividends in respect of 2022 are proposed (FY 2021: £Nil).

12 Property, plant and equipment

	Leasehold improvements £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2021	484	104	1,565	15,051	17,204
Additions	117	29	38	105	289
Disposals	-	-	(20)	(357)	(377)
At 31 March 2022	601	133	1,583	14,799	17,116
Depreciation					
At 1 April 2021	285	67	789	10,845	11,986
Charge	131	24	198	1,169	1,522
Disposals	-	-	(20)	(357)	(377)
At 31 March 2022	416	91	967	11,657	13,131
Net book value					
At 31 March 2022	185	42	616	3,142	3,985
At 31 March 2021	199	37	776	4,206	5,218

13 Right to use assets and lease liabilities

	Property £000
Cost	
At 1 April 2021	4,153
Disposals	(281)
At 31 March 2022	3,872
Amortisation	
At 1 April 2021	1,172
Charge	1,873
Disposals	(281)
At 31 March 2022	2,764
Net book value	
At 31 March 2022	1,108
At 31 March 2021	2,981

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

	2022 £000	2021 £000
At 1 April 2021	2,965	16,338
Additions	-	4,153
Interest expense related to lease liabilities	82	199
Repayment of lease liabilities (including interest)	(1,908)	(1,316)
Leases terminated further to administration of subsidiary undertaking	-	(16,338)
Interest liability terminated further to administration of subsidiary undertaking	-	(71)
At 31 March 2022	1,139	2,965
Current lease liabilities	954	1,866
Non-current lease liabilities	185	1,099

Short-term operating leases

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

	2022 £000	2021 £000
Within one year	109	48

14 Intangibles

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
Cost				
At 1 April 2021	6,175	3,626	165	9,966
Additions	-	201	-	201
At 31 March 2022	6,175	3,827	165	10,167
Amortisation				
At 1 April 2021	5,248	1,245	60	6,553
Charge	-	815	17	832
At 31 March 2022	5,248	2,060	77	7,385
Net book value				
At 31 March 2022	927	1,767	88	2,782
At 31 March 2021	927	2,381	105	3,413

The goodwill primarily arose when Shoar (Holdings) Limited acquired the entire share capital of Tarak Retail Limited in 2012 and reflects the difference between the fair value of the consideration transferred and the fair value of assets and liabilities purchased. Goodwill is assessed for impairment by comparing the carrying value to value-in-use calculations. Value in use has been estimated using cash flow projections based on detailed budgets and forecasts over the period of three years, with a decline rate of 10% (FY 2021: 5%) and a pre-tax discount rate of 10% (FY 2021: 10%) applied, being the Directors' estimate of the Group's cost of capital, with no terminal value. The budgets and forecasts are based on historical data and the past experience of the Directors as well as the future plans of the business. No reasonable change in any of the assumptions would result in an impairment charge and therefore no sensitivity analysis is disclosed. The Directors do not consider goodwill to be impaired in the current year.

15 Inventories

	2022 £000	2021 £000
Finished goods and goods for resale	11,710	11,087

The cost of inventories recognised as an expense during the year in respect of continuing operations amounted to £31,074,000 (2021: £18,516,000). The cost of inventories included a net credit in respect of write-downs of inventory to net realisable value of £1,138,000 (2021: credit of £617,000). Inventories are stated after provisions for impairment of £2,550,000 (2021: £3,688,000).

16 Trade and other receivables

	2022 £000	2021 £000
Trade receivables – gross	3,948	2,265
Allowance for doubtful debts	(327)	(301)
Trade receivables – net	3,621	1,964
Other receivables	802	769
Current tax receivable	380	-
Prepayments and accrued income	2,002	857
	6,425	3,590

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

17 Trade and other payables

	2022 £000	2021 £000
Trade payables	5,155	4,025
Other taxes and social security costs	979	1,562
Accruals	3,733	2,149
Other payables	1,591	458
Amounts due to related parties	8	8
	11,466	8,202

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

Included within other payables at the year-end date was a balance of £52,000 (FY 2021: £52,000) owed to the Group's pension scheme.

18 Loans and borrowings

	2022 £000	2021 £000
Bank loans	1,420	1,406
Bank overdrafts	-	1,256
	1,420	2,662

The Group's overdraft and other credit facilities amount to £3.5 million (2021: £3.5 million) and are secured by an unlimited multilateral and cross-company guarantee given by Zandra Retail Limited and Tarak International Limited and also by a limited guarantee given by, and by a floating charge over the assets of, Zandra Retail Limited and Tarak International Limited. The bank also holds a right of set-offs between Zandra Retail Limited and Tarak International Limited. All entities included in the guarantee are wholly owned subsidiaries in the Group. In addition, the Company has provided a parent company guarantee with respect to the facilities.

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

The bank overdraft and other credit facilities are annual facilities and are repayable on demand. These facilities were renewed after the year end and are next subject to review in June 2023.

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

19 Derivative financial instruments

The following is an analysis of the derivative financial instruments liability:

	2022 £000	2021 £000
Foreign currency options	65	21

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

As at 31 March 2022, the Group had commitments to buy the equivalent of £5,200,000 of Chinese Renminbi (FY 2021: £800,000).

20 Deferred tax

The following is an analysis of the deferred tax assets:

	Tax Losses	Fixed asset timing differences	Total
	£000	£000	£000
Balance brought forward	74	-	74
Transfer to trade and other receivables	(74)	-	(74)
Credit to income statement	634	330	964
Total deferred tax asset at end of year	634	330	964

At 31 March 2022 there was a total of unprovided deferred tax assets of £413,000 (2021 - £990,000) in relation to fixed asset timing differences. The unprovided deferred tax assets reflects trading losses of £Nil (2021 - £3,868,000).

The following is an analysis of the deferred tax liabilities:

	Fixed asset timing differences
	£000
Balance brought forward	74
Credit to income statement	(53)
Total deferred tax asset at end of year	21

21 Financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities. All financial liabilities are measured at amortised cost. The derivative liability, which is measured at fair value, is level 2 in the fair value hierarchy as disclosed in note 19.

	2022	2021
	£000	£000
Category of financial instruments		
Carrying value of financial assets:		
Cash and cash equivalents	5,840	4,183
Trade and other receivables	4,423	2,733
Total financial assets	10,263	6,916
Carrying value of financial liabilities:		
Trade and other payables	(6,754)	(4,491)
Bank and other borrowings	(1,420)	(2,662)
Derivative financial instruments	(65)	(21)
Lease liabilities	(1,139)	(2,965)
Total financial liabilities	(9,378)	(10,139)

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

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

22 Share capital and reserves

	2022	2021
	£000	£000
Share capital – allotted, called up and fully paid		
124,230,905 ordinary shares of 0.3 pence each (31 March 2021: 124,230,905)	373	373
Share premium	10,315	10,315

Share capital

The issued share capital at 31 March 2022 comprised 124,230,905 ordinary shares of 0.3 pence each with a nominal value of £372,693. The company has one class of ordinary share which have equal right, preferences and restrictions.

Share premium

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

Merger reserve

The merger reserve arose on the purchase of certain subsidiaries. The merger reserve represents the difference between the cost value of the shares acquired less the cost value of the shares issued for the purchase of each company and the stamp duty payable in respect of these transactions.

Retained earnings

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

23 Share-based payments

The movement in awards during the year was:

Date of grant	Opening balance	Granted during the year	Lapsed during the year	Closing balance	Exercise price	Exercise period
	Number of shares				Pence	
Warrants	186,335	-	-	186,335	80.50	See below
CSOP – 31/7/19	1,530,097	-	(176,996)	1,353,101	15.75	31/7/22–31/7/29
CSOP – 18/1/22	-	1,407,150	(30,000)	1,377,150	17.00	18/1/25-18/1/32
ESOP – 31/07/19	-	190,850	-	190,850	17.00	18/1/25-18/1/32
	1,716,432	1,598,000	(206,996)	3,107,436		

None of the above options were exercisable at 31 March 2022 other than the warrants, which is consistent with 31 March 2021. The weighted average life of the CSOP options was 8.7 years (2021: 8.3 years) and 9.8 years for the ESOP options.

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

The inputs to the model were as follows:

Option plan	Warrant	CSOP	CSOP and ESOP
Grant date	28/07/17	31/07/19	18/1/22
Share price at grant date	80.50	15.75	17.00
Number of employees	1	72	38
Shares under option	186,335	1,530,097	1,598,000
Vesting period (years)	—	3	3
Expected volatility	31.4%	88.5%	100.1%
Risk-free rate	0.5%	0.5%	0.5%
Expected life (years)	2	4	4
Expectations of meeting performance criteria	100%	100%	100%
Expected dividend yield	2.0%	2.0%	2.0%

The Group recognised a total expense of £52,000 during the year (2021: £89,000) relating to equity-settled share-based payments, including employer's National Insurance contributions of £13,000 (2021: £11,000).

As at 31 March 2022, the weighted average exercise price of outstanding share options, excluding those exercisable as part of the Warrant Instrument, was 16.42 pence (2021: 15.75 pence).

Company Share Option Plan ("CSOP")

The Group operated a share option scheme during the year for certain employees under the CSOP, which allows tax advantaged options to be granted over the Company's shares to selected employees of the Group. New options are granted at a price consistent with the mid-market price of an ordinary share on the dealing day immediately preceding the date of grant. The different options vest after three years and have an exercise life between three and ten years from grant date. The exercise of the options is subject to continued employment over the vesting year.

Executive Share Option Plan ("ESOP")

The Group operated a share option scheme during the year for certain employees under the ESOP, which allows non-tax advantaged options to be granted over the Company's shares to selected employees of the Group. New options are granted at a price consistent with the mid-market price of an ordinary share on the dealing day immediately preceding the date of grant. The different options vest after three years and have an exercise life between three and ten years from grant date. The exercise of the options is subject to continued employment over the vesting year.

Warrants

The Company entered into a Warrant Instrument with its Chairman, Peter Cowgill, dated 18 July 2017, pursuant to which Peter Cowgill may subscribe for up to 186,335 ordinary shares exercisable in whole or in part at a subscription price equal to 80.5 pence. The warrants are exercisable until the earlier of (i) their full exercise, (ii) Peter Cowgill ceasing to be a Director, or (iii) a takeover of the Company. At the year end, no warrant instruments had yet been exercised.

24 Change in liabilities arising from financing activities

	2021 £000	Cash flow £000	Non-cash changes £000	2022 £000
Cash at bank and in hand	2,927	2,914	(1)	5,840
Net cash per statement of cash flows	2,927	2,914	(1)	5,840
Borrowings	(1,406)	(14)	-	(1,420)
Net cash before lease liabilities	1,521	2,900	(1)	4,420
Lease liabilities	(2,965)	1,908	(82)	(1,139)
Net debt after lease liabilities	(1,444)	4,808	(83)	3,281

Non-cash changes relate to the translation of foreign currency balances at the end of the period and lease acquisitions, disposals and modifications.

25 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	5,840	4,183
Overdraft	-	(1,256)
Net cash at bank and in hand	5,840	2,927

26 Financial commitments

Capital commitments

The Group has no capital commitments of at 31 March 2022 (FY 2021: Nil) which were not provided for in the financial statements.