



QUIZ

AUDITED RESULTS

For the period ended 31 March 2023

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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



Year to 31 March 2022 overview

STRONG REVENUE GROWTH AND RETURN TO PROFITABILITY

Financial Highlights

- Group revenues increased 17%
- Gross margins improved 130bps to 61.6%
- EBITDA generated of £6.2m; a £1.1m improvement in the year
- Improved PBT of £2.3m; a £1.5m improvement in the year
- Operating cash flows of £5.9m in the year, £0.6m more than the previous year

Operational Highlights

- Growing customer demand further to the removal of social restrictions and increase in events
- Continued focus on own stores and website
- Increases in online revenues of 13% and active customers of 11% on the prior financial year
- 62 stores in the United Kingdom and six in the Republic of Ireland at the end of the year (2021: 62 in the UK and five in the ROI)

FINANCIAL REVIEW

Gerry Sweeney
CFO



Summary Underlying Income Statement

IMPROVED PROFITABILITY IN THE YEAR

| (£m) | FY 2023 | FY 2022 | YoY change |
|-------------------------|------------|------------|------------|
| Revenue | 91.7 | 78.4 | + 17% |
| Gross profit | 56.5 | 47.3 | + 19% |
| Gross margin % | 61.6% | 60.3% | + 1.3% |
| Operating costs | - 54.2 | - 47.4 | + 15% |
| Government grants | - | 1.0 | - 100% |
| Other income | 0.2 | - | - |
| Operating profit | 2.5 | 0.9 | |
| Tax (charge)/credit | -0.3 | 1.3 | |
| Operating profit | 2.5 | 0.9 | |
| D&A | 3.7 | 4.2 | |
| EBITDA | 6.2 | 5.1 | |
| EPS | 1.64 | 1.65 | |

Overview

- Strong demand in H1 moderated in H2 as cost of living pressures impacted consumer spend
- Gross margins improved further to increase in full price sell through
- Efficient cost control led to percentage uplift in operating costs being lower than rise in revenues
- Improved profitability as higher revenues leveraged off existing cost base

Revenue and Margin

CONTINUED FOCUS ON OWN STORES AND WEBSITE

| (£m) | FY 2023 | FY 2022 | YoY change |
|---------------------------|-------------|-------------|--------------|
| UK stores and concessions | 45.5 | 36.8 | + 24% |
| Online | 29.8 | 26.7 | + 12% |
| International | 16.4 | 14.9 | + 10% |
| Total sales | 91.7 | 78.4 | + 17% |

| Business Mix | | | |
|---------------------------|--------------|--------------|---------------|
| UK stores and concessions | 50% | 47% | + 3% |
| Online | 32% | 34% | - 2% |
| International | 18% | 19% | - 1% |
| Gross margin | 61.6% | 60.3% | + 1.3% |

UK stores and concessions

- Strong demand further to removal of all social restrictions
- Strong LFL sales in H1 moderated later in year

Online revenues

- Growth of 13% for sales on QUIZ website
- Third party sales increased by 9%

International

- Increase driven by higher sales in ROI
- Predominance of other sales through Middle East

- Gross margin exceeded pre-pandemic levels

Operating costs

CLOSE MANAGEMENT OF COSTS

| (£m) | FY 2023 | FY 2022 | YoY change |
|-------------------------------------|---------|---------|------------|
| Employment costs* | 19.3 | 17.9 | + 8% |
| Property costs (incl property depn) | 9.5 | 6.7 | + 42% |
| Marketing costs | 2.7 | 2.3 | + 17% |
| Depreciation (excl property depn) | 1.9 | 2.4 | - 21% |
| Other costs | 8.3 | 7.3 | + 14% |
| Administration costs | 41.7 | 36.6 | + 14% |
| Distribution costs | 12.5 | 10.8 | + 16% |
| Total costs | 54.2 | 47.4 | + 15% |
| Other income | -0.2 | -1.0 | - 79% |
| Net costs | 54.0 | 46.4 | + 17% |

Administration costs

- Employment costs reflect increased rates of pay and additional activity
- Property costs include rent, rates and service charges
- Full application of business rates in CY increased costs by £2.5m
- Marketing spend increased in line with revenues
- Lower depreciation costs further to asset write-offs in PY

Distribution costs

- Commission costs increased by £1.1m or 12% in line with rise in third-party sales
- Carriage costs to stores and concessions up in line with revenue increase
- Web delivery costs net of delivery income consistent with PY

* - includes directly employed and agency employees

Balance sheet

STRENGTHENED BALANCE SHEET AND CASH POSITION

| (£m) | March 2023 | March 2022 | YoY change |
|----------------------------------|-------------|-------------|--------------|
| Property, plant and equipment | 4.7 | 4.0 | |
| Right to use assets | 6.5 | 1.1 | |
| Intangible assets | 2.7 | 2.8 | |
| Deferred tax asset | 1.0 | 0.9 | |
| Total non-current assets | 14.9 | 8.8 | + 6.1 |
| Inventory | 12.3 | 11.7 | |
| Receivables - trade and other | 7.4 | 6.4 | |
| Payables - trade and other | - 12.7 | - 11.5 | |
| Net trade working capital | 7.0 | 6.6 | + 0.4 |
| Lease liabilities | - 6.9 | - 1.1 | - 5.8 |
| Tax - current and deferred | - 0.3 | - | - 0.3 |
| Cash, net of borrowings | 6.2 | 4.4 | + 1.8 |
| Net assets | 20.9 | 18.7 | + 2.2 |

Non-current assets

- PPE and intangible additions of £2.5m:
 - new/relocated store spend of £1.5m
 - web development costs of £0.5m
 - Distribution Centre spend of £0.2m
- Right of use assets increase primarily reflects new or extended leases for stores
- Depreciation of £3.7m

Working capital

- Cost of inventory held declined £0.3m further to £0.9m decline in NRV provision
- Receivables and payables balances reflects uplift in revenues/activity

Lease liabilities reflect remaining lease terms and outstanding interest

Balance sheet

POSITIVE CASH FLOWS FACILITATES INCREASED INVESTMENT

| (£m) | FY 2023 | FY 2022 | YoY change |
|--------------------------------|---------|---------|------------|
| Profit after tax | 2.0 | 2.0 | - |
| Dep'n and amortisation | 3.7 | 4.2 | - 0.5 |
| Other non cash charges | 0.2 | 0.1 | + 0.1 |
| Tax and interest credit | 0.4 | -1.1 | + 1.5 |
| Working capital movements | - 0.8 | 0.2 | - 1.0 |
| Cash from operating activities | 5.5 | 5.4 | + 0.1 |
| Tax received/(paid) | 0.4 | -0.1 | + 0.5 |
| Capital expenditure | - 2.5 | - 0.5 | - 2.0 |
| Interest paid | 0.1 | - | + 0.1 |
| Lease payments | - 1.8 | - 1.9 | + 0.1 |
| Cash inflow | 1.7 | 2.9 | - 1.2 |

- Increased inventory contributed to working capital outflow
- Capital expenditure increased by £2.0m to £2.5m; £1.5 million on new and relocated stores, £0.5m on web development and £0.2m at Distribution Centre
- Bank borrowings represent use of working capital facility
- Total bank facilities of recently renewed and increased from £3.5m to £4.0m - scheduled to expire 30 June 2023
- No financial covenants applicable to bank facilities

| | | | |
|-------------------------------------|------------|------------|--------------|
| Cash | 7.6 | 5.8 | + 1.8 |
| Bank borrowings | -1.4 | -1.4 | - |
| Cash, net of bank borrowings | 6.2 | 4.4 | + 1.8 |

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
- 13% uplift in sales through QUIZ website; 70% of online sales in FY23 (2022: 68%)
- Active customers increased 11% to 622,000
Finalising investment to improve online offering including order from and pick up in store
- Third party sites 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
- Flexible rental arrangements; average lease term of 23 month
- Two new stores opened, two relocated and two closed in the year
- Three new stores opened post year end
- Flexible concession arrangements; not staffed by QUIZ personnel with limited capital outlay; 13 opened and 15 closed during the year

| Stores | March 2023 | March 2022 | Change |
|--------------------------|------------|------------|------------|
| UK stores | 62 | 62 | - |
| Concessions | | | |
| New Look | 55 | 58 | - 3 |
| Other | 12 | 11 | + 1 |
| Total concessions | 67 | 69 | - 2 |

Managing gross margin

INCREASED GROSS MARGINS YEAR ON YEAR

- Strong preference for new products from customers
- Increased proportion of full price sales across the year
- Gross margins improved by 130bps to 61.6%
- Pressure on shipping costs alleviated during the year; allows for more flexibility in delivery times with use of air travel
- Preference for new product but at lower price points from customers in second half of year
- Provide a range of price points to accommodate consumer budgets



Right-sizing our cost base

LEVERAGE THE EXISTING INFRASTRUCTURE

- Group's infrastructure well positioned to facilitate sustained long term growth
- Work commenced in April to expand capacity of distribution centre at a cost of £1.3m
- Increased costs further National Living Wage increases, reinstatement of business rates and other inflationary pressures
- Management focussed on continued proactive management of costs
- Operating cost increase of 15% compared to 17% revenue increase
- Cost pressures in the current year include higher employment costs and renewal of utility contracts
- Look to continue grow revenues whilst limiting impact on central costs



Targeted investment supporting the brand

INCREASED MARKETING INVESTMENT AS DEMAND RETURNED

- QUIZ brand is differentiated in the market specialising in occasion wear and dressy casual
- Broad age appeal and price points
- Spend increased as customer demand recovered
- Marketing spend increased 17% to £2.7m (2021: £2.3m)
- Marketing investment maintained at 3.0% of revenues (2022: 3.6%)
- Will invest more supporting the brand going forward
- Maintaining clear Return on Investment focus for all marketing activity



CURRENT TRADING & OUTLOOK

Tarak Ramzan
CEO



Current trading

STRONG PY COMPARATIVES AND COST OF LIVING PRESSURES

| Revenue (£m) | FY 2024 Q1 | FY 2023 Q1 | YoY change |
|---------------------------|---------------|---------------|---------------|
| UK stores and concessions | 11.0 | 13.0 | - 15% |
| Online | 7.6 | 9.5 | - 20% |
| International | 4.6 | 4.8 | - 4% |
| Total sales | 23.2 | 27.3 | - 15% |

| Liquidity Headroom (£m) | 30 June 2023 | 31 March 2023 | |
|---------------------------------|-----------------|------------------|--------------|
| Cash | 3.7 | 7.6 | - 3.9 |
| Bank borrowings | - 0.3 | -1.4 | + 1.1 |
| Cash net of bank borrowings | 3.4 | 6.2 | - 2.8 |
| Unutilised bank facilities | 3.7 | 2.1 | + 1.6 |
| Total liquidity headroom | 7.1 | 7.3 | - 0.2 |

- Prior year performance driven by removal of social restrictions supporting demand
- Current year consumer demand impacted by inflationary pressures
- Similar to 2019 on a like-for-like basis
- Gross margin broadly consistent with the prior year
- Net cash utilised in the period of £2.8m
- Partially reflects spend on three new stores and initial spend on expansion of distribution centre

Outlook

CONFIDENT CUSTOMER PROPOSITION WILL CONTINUE TO REAP BENEFITS

Short term considerations

- Challenging trading conditions reflected in recent sales
- Comparative sales not as challenging post Summer
- Look to maintain margins and continue to control costs where possible
- Given uncertainty with regards to demand and inflationary pressures currently anticipate FY24 profit to be broadly similar to FY23

Longer term considerations

- Confident that strong brand and business model remain relevant and attractive to customers
- Continue to invest in our infrastructure
- Will open more stores in the right locations where appropriate rental charges and leases can be agreed
- Focused on development of QUIZ web sales
- Look to leverage off existing infrastructure to limit cost increases as revenues increase
- Confident that in longer term business will grow revenues and profits and deliver shareholder returns

