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Quiz PLC
29 August 2024

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

Final Results for the year ended 31 March 2024

FY24 outcome consistent with prior trading update, with consumer demand impacted by cost-of-living pressures

Strategic initiatives underway to improve performance and profitability whilst managing cash position

QUIZ, the omni-channel fashion brand, announces its final audited results for the year ended 31 March 2024 ("FY 2024").

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

£m	Year ended 31 March 2024	Year ended 31 March 2023	Change £m	Change %
Revenue	82.0	91.7	-9.7	-10.6%
Gross profit	51.0	56.5	-5.5	-9.7%
Recurring operating expenses	-55.7	-54.2	-1.4	+2.6%
Other income	0.2	0.2	-	-
Operating (loss)/profit pre non-recurring expenses	-4.5	2.5	-7.0	-280.0%
Non-recurring operating expenses	-1.5	-	-1.5	-
Operating (loss)/profit	-6.0	2.5	-8.5	-340.0%
Finance costs (net)	-0.7	-0.2	-0.5	+250.0%
(Loss)/profit before tax	-6.7	2.3	-9.0	-391.3%
EBITDA	0.9	6.2	-5.3	-85.5%

- Consistent with the trends outlined in the Group's Trading Update on 28th March 2024 and further to the impact of cost-of-living pressures on consumer demand Group revenue decreased 11% year on year to £82.0 million (2023: £91.7 million)
- Higher levels of full price sales resulted in gross margin increasing to 62.2% (2023: 61.6%)
- EBITDA of £0.9 million (2023: £6.2 million) with the reduced revenues in the year being the main factor leading to the lower EBITDA
- Loss before tax of £5.2 million prior to £1.5 million non-recurring impairment charge (2023: £2.3 million profit)
- Operating cash outflow of £0.9 million (2023: inflow of £5.9 million)
- Total liquidity headroom at 31 March 2024 of £2.0 million, being a cash balance of £0.3 million and £1.7 million of unutilised bank facilities (31 March 2023: £8.3 million, being cash of £7.6 million and £2.1 million of unutilised bank facilities less £1.4 million of bank loans)

Operational highlights:

- Change of our largest International partner will drive a positive uplift in trading going forward after revenues in the period were negatively impacted by the transition
- Four new stores opened and two relocated to larger shops in our new design format with two United Kingdom store closures and one Republic of Ireland (ROI) store closure during the period
- QUIZ's store estate comprised 64 stores in the United Kingdom and four in the ROI at the end of the year (2023: 62 in the UK and 6 in the ROI)
- As previously reported, following a period of difficult trading, the Board led by Non-Executive Chairman Peter Cowgill, initiated a thorough review of the strategic options available to the Group. This process was focussed upon evaluating a broad range of options to maximise shareholder value. As part of this review, Sheraz Ramzan was appointed as Chief Executive Officer on 28th March 2024, shortly prior to the end of the Period. The Board believes Sheraz brings a fresh approach along with extensive experience and knowledge of the business

Post year end trading and outlook:
- Further to appointment of Sheraz Ramzan as Chief Executive Officer, a turnaround strategy to return the business to profitable growth is being implemented. The strategy is focussed on ensuring the business leverages its core strengths being:
    - A well-established omni-channel model which provides a platform for long-term success
    - The distinctiveness of the QUIZ brand which is known for its occasion wear and dressy categories
    - The store portfolio which provides significant opportunities for customer engagement
    - An international model which provides the opportunity for low risk, capital light growth opportunities

- An international model which provides the opportunity for low-risk, capital light growth opportunities

- To support the turnaround strategy, a series of key operational initiatives are being implemented to improve the Group's performance, including:

    - Reviewing and having greater clarity on QUIZ's target customer and updating the brand identity to re-align our Marketing and Buying and Merchandising activities;

    - Restructuring the Buying and Merchandising function to provide a clearer focus on developing product and pricing strategies, which includes the recruitment of a new Head of Merchandising as well as increasing the resource available to our Buying Team;

    - Fresh marketing approach to elevate the brand, including creating a more aspirational image through refreshed social media activity;

    - Expanding the distribution channels available to the business including the re-launch of QUIZ on Debenhams.com and associated websites; and

    - Leveraging off the newly introduced omni-channel system to better service customers including the option to offer same day click and collect functionality across the store estate.

- Bank facilities of £4 million renewed post year end (subject to renewal on 30 June 2025)
- Discussions have commenced with Tarak Ramzan, the Company's founder and largest shareholder with regards to the provision of a £1 million loan facility to provide additional liquidity headroom for working capital purposes
- Total liquidity headroom at 28 August 2024 of £2.3 million, being a cash balance of £0.4 million and £1.9 million of undrawn banking facilities
- Consistent with the Group's Trading Update on 27th June 2024, revenues in the four months to 31 July 2024 decreased 11% on the prior year to £27.3 million
- In recent weeks there are 'green shoots' from a number of the initiatives outlined above to improve business performance with an improvement across in-store and online revenues relative to previous months
- The Board expect the trading environment in H2 to remain challenging, albeit the Group has softer comparatives in the second half of the financial year. There remains uncertainty with regards to consumer demand and inflationary cost pressures, but the Board are targeting an improvement in financial performance through increasing revenues and continued cost controls
- Despite the macro-economic challenges, the Board is confident that the Group's turnaround strategy led by the new CEO will improve QUIZ's performance and return the business to profitable growth in the medium-term

Sheraz Ramzan, Chief Executive Officer, commented:

"Whilst these results are disappointing - in part driven by the challenging macroeconomic conditions impacting many retailers - we have a clear plan to improve performance by leveraging our key strengths as an omni-channel retailer with a distinctive brand. We have identified several focus areas to build a more resilient business, improve our performance, and return to profitable growth in the medium term.

In the new financial year to date we have already implemented several operational initiatives which I am confident will support our longer-term turnaround strategy. Whilst trading conditions in the current year have remained challenging and our turnaround will take time, I am pleased with the speed at which as a team we have been able to drive positive changes in the business. I would like to take this opportunity to thank all of my colleagues at QUIZ for their contribution and dedication over what has been a challenging year. I value their continued support as we continue to rollout our plans for the business that I am confident will return QUIZ to 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 their own product lines, ensuring the latest glamorous looks at value prices. Our 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.

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

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CHAIRMAN'S STATEMENT

Introduction

The Group's disappointing financial results for the year ended 31 March 2024 reflect the impact of inflationary pressures on consumer confidence and spending. This has led to a reduction in revenues during the year. Despite management controlling costs tightly and improving the gross margin percentage generated the Group incurred losses in the year.

As previously reported, following a period of difficult trading, the Board initiated a thorough review of the strategic options available to the Group. This process was focussed upon evaluating a broad range of options to maximise shareholder value.

As part of this review, Sheraz Ramzan was appointed as Chief Executive Officer, and QUIZ is now focused upon implementing a turnaround strategy to move the business back into profitable growth. This will be underpinned by a focus on recalibrating the QUIZ brand, its product offering and reconnecting with consumers.

Moving forward we will focus more on QUIZ's core strengths while also exploring opportunities to expand our product offerings. Our trademark occasion and dressy wear for social events has always been central to the QUIZ brand, however we acknowledge that we must better leverage this product focus and connect with customers more effectively, in doing so becoming better known as a go-to brand for great value, stylish options for a variety of social occasions including lunches with friends, a day at the races, Christmas parties and weddings.

QUIZ has prided itself in providing a good value option to our customers who continue to show a preference for newer full priced product. The offering in store and online over recent years has sometimes been impacted by too much discounted stock. We are focused on reducing the amount of promotional activity across the business and the volume of older stock held by concentrating sale stock in a selected number of clearance outlets. This will allow the remainder of the estate to focus more on driving full price sales.

I am also encouraged by steps that have been taken to restructure our Buying and Merchandising function, including the recruitment of a new Head of Merchandising as well as increasing the resource available to our Buying Team. In addition, the increased clarity on who the QUIZ customer is will enable us to present more focused products to customers supported by more relevant marketing campaigns.

Our store portfolio continues to provide a positive option to engage with customers. This reflects the well-located nature of our store estate as well as customers' desire to interact directly with the brand whether that be through purchasing in-store, utilising our click and collect in store service, ordering in-store, or exchanging/returning to store.

I would like to take this opportunity to thank the Group's management team and all colleagues across the business for their continued commitment and hard work during this challenging year and I am confident that they will continue to work diligently to implement our turnaround plan.

Board Changes

In March 2024, Tarak Ramzan, the founder of the business, stepped down as CEO and was succeeded by Sheraz Ramzan, former Chief Commercial Officer. Having worked with the business since 2004 Sheraz has extensive experience and knowledge of the business and he brings a fresh approach to implementing the required turnaround strategy to return the business to profitability.

Tarak, as the largest shareholder of the Company, agreed to assume a Non-Executive Director role going forward and we are pleased to have access to his continued support and input.

In November 2023, Charlotte O'Sullivan, who had been a Non-Executive Director since the Group's IPO in 2017, stepped down from the Board. I would like to recognise Charlotte's significant contribution to the Group. Further to this departure, the Board continues to give consideration to the appointment of one additional independent Non-Executive Director and will provide an update in due course.

ESG and operating an ethical supply chain

The Board continues to prioritise ensuring that the Group has an ethical and responsible supply chain that all QUIZ's stakeholders are 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.

Further detail on the Group's ESG priorities can be found in our Annual Report.

Dividends

The Board does not recommend the payment of a final dividend (2023: £nil).

The business will remain focussed on delivering a sustainable profitable performance, subject to which the Board would anticipate reinstating dividend payments.

Outlook and current trading

Subsequent to the year end, QUIZ continues to be impacted by inflationary pressures impacting consumer confidence. The Board is focussed on reinvigorating Quiz and securing a return to revenue growth and profitability. Under our new CEO, a number of initiatives to improve business performance have commenced which have shown initial progress with recent weeks having seen an improvement in store and online revenues relative to previous months.

International revenues have been consistent year-on-year and revenues from our own stores have been broadly comparable with the prior year on a like-for-like basis in the first four months of FY25. Online sales continue to be impacted by the challenging environment.

The Group has generated sales of £27.3 million in the four months to 31 July 2024, broken down across the Group's channels as follows:

	I April to 31 July 2024	**I April to 31 July 2023**	**Year-on-year change**
Online	£7.4m	£9.2m	-19.6%
UK stores and concessions	£13.9m	£15.6m	-10.9%
International	£5.9m	£5.9m	-
Total	£27.3m	£30.7m	-11.1%

Gross margins are in line with expectations and are broadly consistent with the previous year. The business continues to actively manage the increased cost pressures affecting the wider retail sector, including the impact of higher payroll costs further to the increase in National Living Wage.

Given the uncertain economic outlook, sustained and significant improvement in business performance will take time to be realised. These improvements are likely to take time to impact upon revenue and profits so costs control and careful working capital management remains key in securing future growth.

Whilst the Group looks to successfully implement its turnaround plan it also remains committed to review other potential strategic options that may be available.

Despite the current macro-economic challenges, the Board is confident that the Group's turnaround strategy led by the new CEO will improve QUIZ's performance and return the business to profitable growth in the medium-term.

Peter Cowgill

Non-Executive Chairman

CHIEF EXECUTIVE'S REPORT

Introduction

I am pleased to present my first report as Chief Executive further to my appointment to the role towards the end of the Financial Year on 28 March 2024. I would like to express my thanks to Tarak Ramzan, my predecessor, who helped establish the QUIZ brand in 1994 and successfully developed the business since that date. I look forward to his continued support through his role as a Non-Executive Director.

The past year, has been challenging with the decline in consumer confidence impacting each of our revenue streams as shown below:

	FY 2024	FY 2023	Year-on-year change	Share of revenue 2024	Share of revenue 2023
UK stores and concessions	£41.7m	£45.5m	- 8%	50.8%	49.6%
Online	£24.5m	£29.8m	- 18%	29.9%	32.5%
International	£15.8m	£16.4m	- 4%	19.3%	17.9%
Total	£82.0m	£91.7m	- 11%		

Having been involved in the business for several years, I am confident in what I believe are our core strengths, and these will underpin our future success:

- The distinctiveness of the QUIZ brand which specialises in occasion wear and dressy categories and resonates with a broad age range of customers
- Our well-established omni-channel model
- Our store portfolio which provides significant opportunities for customer engagement
- An International model which provides the opportunity for low-risk, capital light growth opportunities

Despite these fundamental attributes, we acknowledge there are areas where we must improve our performance to succeed in what is a highly competitive market. Since assuming the role of CEO, we have identified the following key strategic areas to focus on in order to improve our performance:

1. Reconnecting with consumers across our omni-channel model

A key strength of our business which has the potential to provide additional benefits to the Group is our distinctive brand and well-established omni-channel footprint to reach consumers.

The Group believes that stores and concessions with appropriate cost bases will continue to make a positive contribution going forward. We will also continue to undertake initiatives to promote footfall into stores including trialling the introduction of new product categories in store as well as increasing the range of sizes available in store complementing the broader range of sizes available online.

QUIZ's online channel provides the potential for significant long-term growth. Online sales continue to be focussed upon demand for occasion wear and dresses and reflect the brand's long-established reputation with these products.

Given the long-term trends we have seen towards increased online shopping, we continue to believe that, with the correct product offering, QUIZ's online channel offers significant long-term profitable growth potential for the Group. We will also continue to develop attractive online partnerships which provide greater exposure for the QUIZ brand and, following the year end, we were pleased to recommence sales through Debenhams.com. We also plan to launch our own Tik Tok shop in the near future.

In addition to the above, we have begun implementing a number of other initiatives to better cater to our customers' demands:

- **Click and collect** - in February 2024 we introduced a new sales and stock system, and we are now trialling the option for customers to place an order online for stock held in store to collect within three hours in select stores. This ensures stock availability for the customer, the dispatch of online sales from stores and will provide a unified view of inventory and the basis for improved stock utilisation across the business
- **Flexible payment options** - we introduced Klarna a payment option in stores to boost conversion rates and average transaction values, whilst, providing customers with greater flexibility to manage costs as pressures on consumer spending persist.
- **Loyalty program** - later this year we plan to launch a new loyalty program to complement our VIP delivery scheme, to reward customers for their purchases and encourage more frequent spend.

2. Elevating the QUIZ 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 differentiated proposition that empowers fashion-forward females to stand out from the crowd. Our brand proposition is underpinned by providing great value rather than delivering the cheapest price possible.

The QUIZ brand continues to resonate with a broad age range of customers. Our core customer group is aged between 18 and 40, with this breaking down to those customers over and under 25 who have different product preferences. Going forward, we will have increased focus on our core customer groups, giving us greater clarity as to who we are buying for and how they should be marketed to. Our purchasing will be clearly focussed upon appealing to these demographic groups with distinct marketing approaches to those below or above 25.

Our marketing activity in the last year utilised a pipeline of celebrity and influencer activity across the year which was supplemented with digital marketing and offline activity to push the QUIZ brand to the forefront of our target customers' minds.

Going forward we will look to enhance and elevate the presentation of the QUIZ brand across all relevant customer touch-points with a focus on making it more aspirational for our customers.

Part of this process includes refreshing our various social channels to support this fresher approach and to present the brand more positively. This approach will focus on unique QUIZ content to improve customer attachment and engagement. The focus is upon presenting the QUIZ brand positively to potential new customers as well as improving the brand loyalty and affinity of our existing customers.

We will undertake more marketing to raise brand awareness as well as a broader range of more innovative marketing initiatives, including leveraging our omni-channel model to host influencer activity and social events at our flagship stores with a view to driving customer traffic both in-store and online.

The above activity will be conducted by reallocating existing marketing spend which has been to date primarily focussed on digital marketing activities.

3. Recalibrating our product proposition

QUIZ's established strength is its offering on trend product for social activities ranging from lunch with friends through to attending weddings.

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.

QUIZ continues to introduce new products to meet customer demand as trends emerge throughout the season. The Board believes this remains an important component for success.

Since the year end, we have been restructuring our Buying and Merchandising team to inject new talent and ideas. To date this process has included the appointment of a new Head of Merchandising as well as recruiting additional talent into the Buying team with a focus on expanding product ranges and optimising category mixes.

We will be focussed on taking advantage of established product strengths, as supported by our customer feedback, with a focus on evening and occasion wear along with clubby and dressy casual wear.

This will include improving our category optimisation through initiatives such as extending size ranges, enhancing quality, refining our pricing architecture and improving margins through reduced markdowns.

We continue 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.

4. Selective international growth potential through capital light model

Our experience has shown that the QUIZ brand can flourish in international markets when supported by the right local partner. Our mix of casual and occasion wear can be tailored for each market and our flexible routes to market have been beneficial.

We will continue to expand our international reach with a highly targeted strategy through a capital light model, working with successful and ambitious local partners. We are actively identifying opportunities to extend our sales through low-cost international expansion through online, consignment and concession routes to market.

The Middle East is the largest region for QUIZ internationally. We have a positive trading relationship with Al Shaya, who operate concessions in Debenhams stores, across the United Arab Emirates, and provides the basis for future growth in these markets.

Towards the end of the Financial Year in March 2024 we completed the smooth transition of switching our largest international territory to a new partner. Our business in Saudi Arabia switched to Al Othaim and our 15 stores transferred to them. Our relationship with Al Othaim has started positively contributing to an uplift in International revenues post year-end. In addition we have agreed a program of refurbishment for several of our Saudi Arabian stores and to open four new stores by the end of FY25.

In the transition, revenues from the previous partner were impacted as reduced levels of stock was transferred to them in the second half of the year. This reduction in revenues was the primary factor for the overall decline in International revenues in the year.

The US is another important market internationally. We have been working with a new partner who is facilitating growth through holding stock on consignment and undertaking direct deliveries on our behalf to consumers of Macys and Nordstrom. We look forward to this business developing further. In addition, we have commenced deliveries on a wholesale basis to a new department store customer which provides further growth opportunities.

5. Managing costs

Given the decline in revenues in the year there has been an increased level of discounted stock and promotional activity in store and online which detracts from the presentation and promotion of full price product. As part of the transition towards a more full-priced stock strategy subsequent to the year-end we have undertaken discounting activity and have to date sold over 300,000 units of our aged stock. Going forward we are targeting more focussed activity for the clearance of discounted product either through short promotions in store or through channelling discounted product to designated clearance shops to allow for an increased focus on full price product where appropriate.

Whilst inflationary pressures have eased we continue to encounter cost pressures in relation to product and fluctuations in shipping costs. Given this we have adjusted prices to maintain our gross margin whilst looking to broaden the range of prices offered to customers so they have a wide range of options suitable for their budgets.

During the year we completed the previously announced investment at our Distribution Centre which was focussed on accommodating more efficient working practices. This work provided a new mezzanine level to increase storage space and an improved layout at a cost of £1.3 million.

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

Strategic KPIs

	FY 2024	FY 2023	Change
Active customers	521,000	642,000	-19%
Online sales as a % of turnover	29.9%	32.5%	-3%
International outlets serviced	142	90	+58%
UK retail space - square footage	129,000	145,000	-11%

The QUIZ community

I would like to thank all my colleagues for their hard work and contribution in the last financial year. I appreciate the commitment and professionalism shown by our colleagues across our stores and concessions, distribution centre and head office through these difficult times. I am confident that we have a strong team, and that our plan to turnaround our business is the right one.

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.

Whilst the environment remains challenging and there is much to do to improve QUIZ's performance, I am optimistic for the future as we drive the QUIZ brand forward with renewed energy and exciting initiatives. We have identified clear strategic priorities and are already making progress against these. I believe in our fundamental attributes as a business and brand and that our strategic plan will return the Group to profitable growth in the medium term and maximise shareholder value.

Sheraz Ramzan
Chief Executive Officer

FINANCIAL AND BUSINESS REVIEW

Group overview

The financial performance of the business has been impacted by the widely reported challenging trading conditions further to consumer confidence being eroded by inflationary pressures. This has led to a reduction in traffic in-store and online leading to lower revenues across each area of our business during the year. Whilst a higher gross margin percentage was generated and operating costs reduced this was not sufficient to offset the contribution lost from the drop in revenues. As a result, a loss was recorded in the year.

Group revenue decreased 11% to £82.0 million (2023: £91.7 million). Further to this decrease in revenues, an operating loss prior to non-recurring administrative costs of £4.4 million was incurred (2023: £2.5 million profit).

Financial KPIs

	FY 2024	FY 2023	Change
Revenue	£82.0m	£91.7m	- 10.6%
Gross margin	62.2%	61.6%	+ 0.6%
EBITDA %	1.1%	6.8%	- 5.7%
Cash (outflow)/inflow from operating activities	-£0.9m	£5.9m	- £6.8m

EBITDA decreased to £0.9 million (2023: £6.2 million) which represented an EBITDA margin of 1.1% (2023: 6.8%). Group loss before tax was £6.7 million (2023: Profit of £2.3 million). The loss per share was 5.05 pence (2023: Earnings per share of 1.64 pence).

Bank borrowings net of cash at the year-end amounted to £2.0 million (2023: cash net of borrowings of £6.2 million).

Revenue

Group revenue decreased by 11% to £82.0 million from £91.7 million in 2023, with our three revenue channels shown below:

	FY 2024	FY 2023	Year-on-year growth	Share of revenue 2024	Share of revenue 2023
UK stores and concessions	£41.7m	£45.5m	- 8%	50.8%	49.6%
Online	£24.5m	£29.8m	- 18%	29.9%	32.5%
International	£15.8m	£16.4m	- 4%	19.3%	17.9%
Total	£82.0m	£91.7m	- 11%		

UK stores and concessions

Sales in the Group's UK standalone stores and concessions decreased 8% to £41.7 million (2023: £45.5 million). The decline was largely attributable to a drop in footfall across our store estate with conversion rates and the average transaction value remaining consistent year on year.

During FY24, new stores were opened in Southampton, Plymouth, Fareham and Liverpool. In addition, one of our flagship stores at Braehead, Glasgow, as well as our Grimsby store were relocated during the year. We closed our store in Ayr and our Bluewater store closed in March 2024.

Further to the above changes the number of UK stores operated at the end of the year amounted to 64 (2023: 62) with an average lease length amounted to 25 months (2023: 24 months).

Subsequent to the year-end work on relocating our Trafford Park store was completed and the new store was opened in May 2024 and our stores in Cambridge, East Kilbride and Westfield Stratford were closed as part of our active management of our store portfolio.

Our Concessions continue to provide a flexible and capital light route to market. During the year, ten concessions were closed and no new concessions were opened, resulting in a reduction in the number operating at 31 March 2024 to 57 (2024: 67).

As a result of these changes, total selling space across the stores and concessions at 31 March 2024 decreased by 11% to 129,000 sq. ft. (2023: 145,000 sq. ft.).

Online

In FY 2024, the decline in revenues reflected the impact of lower traffic to the QUIZ site reflecting the reduced consumer demand. Partially offsetting this decline was an improvement in the average transaction value and conversion rates year on year.

The business continues to sell its product through a number of selected third-party websites through a combination of consignment and wholesale arrangements. In the past year sales through these partners amounted to 34% of online revenues (2023: 30%). Subsequent to the year end the Group has recommenced sales through the Debenhams and other related websites.

Revenues from QUIZ's own website fell 23% and it contributed 66% of total online sales (2023: 70%). Sales through third-party websites declined by 8% in the year with a number of changes in the partners serviced occurring in the year.

The impact of the reduced demand during the year was reflected in the number of active customers at 31 March 2024 which decreased 16% in the year to 521,000 (2023: 642,000).

Further to the above online sales in the year represented 30% of QUIZ's Group revenue (2023: 33%).

International

International sales include revenue from QUIZ standalone stores and concessions in the Republic of Ireland and franchises in 15 countries. As with the UK sales, International revenues were impacted by the increased cost of living impacting demand leading to a 4% fall to £15.8 million (2023: £16.4 million).

Revenues in the Republic of Ireland decreased 22% in the year to £5.0 million (2023: £6.4 million) further to the closure of two of the six stores and a general decline in demand. At 31 March 2024 the business operated 4 stores and 21 concessions in Ireland (March 2023 - 6 stores and 18 concessions),

Our franchise sales benefited from the growth in revenues with a number of key partners which helped partially offset the negative impact of revenues as we transitioned to new partner in Saudi Arabia. Further to this, revenues increased 8% to £10.8 million (2023: £10.0 million).

Gross margin

The gross margin percentage generated in the year increased from previous levels reflecting the consumer's preference for new full price product. In addition, a higher proportion of sales were generated through stores and concessions which are traditionally higher margin channels.

Further to these factors, the gross margin in the year increased to 62.2% (2023: 61.6%).

Promotional activity which is undertaken on a targeted basis increased subsequent to the year end to target the sale of excess stock that had accumulated during the year.

The Group remains focussed upon ensuring that forward commitments on stock are managed to allow the business to be responsive to changes in customer demand and that any slow moving stock is discounted at an early stage to help improve the turnover of stock.

During the year we continued to encounter increased product cost and fluctuations in the costs associated with shipment costs. Whilst we have marginally increased prices to maintain our gross margin, we continue to present a range of price points to customers to meet their price expectations.

Whilst freight costs have fluctuated during the year they are lower than previous levels which allows for more product to be shipped by air freight. Further to this, the product offering can be more responsive to trends and consumer preferences.

Operating costs

Whilst the Group's revenues decreased in the period there is a large fixed element to operating costs which restricts the reductions that can be applied. In addition, costs continued to be impacted by inflationary pressures in the year. Recurring operating costs increased by 2 from £54.3 million to £55.6 million. Excluding depreciation charges recurring operating costs remained at a similar level at £50.5 million (2023: £50.5 million).

Recurring administrative costs increased by £2.5 million or 6% to £44.2 million (2023: £41.7 million). The most significant changes in costs included:

- A £1.9 million increase or 10% in employee costs reflecting increases in the amount paid as well as higher employee numbers year-on-year. The increase in employee costs is impacted by the 9% increase in the National Living Wage which has a knock-on impact on other employees to maintain the differential in wages between roles; and
- A £0.6 million or 33% increase in depreciation and amortisation costs (excluding depreciation charges in relation to leases for standalone stores which are reflected in property costs) to £2.4 million (2023: £1.8 million) which reflect the higher charges from the investment in new stores in the last two years as well as the spend of expanding capacity at the distribution centre in the current year
- A £0.3 million or a 10 decrease in marketing costs to £2.8 million in line with the decrease in revenues and as a result marketing investment as a proportion of Group sales for FY 2024 was maintained at 3.0% (2023: 3.0%).

Subsequent to the year end there continues to be pressure on payroll costs further to the increase in the National Living Wage and other associated increases. This will increase employee costs by circa £1.8 million in FY25.

Further to the decline in revenues and profitability retail store and other assets were subject to an impairment review based on whether current or future events and circumstances suggested their recoverable amount may be less than their carrying value. As a result of this exercise, the Group recorded a £1.5 million non-recurring administrative charge, comprising £0.4 million relating to the impairment of right-of-use assets, £0.9 million for the impairment of plant, property and equipment and £0.2 million for the impairment of intangible assets.

Distribution costs decreased 9% to £11.4 million (2023: £12.5 million) and is reflective of the lower revenues generated in the period.

Included in distribution costs are commission payments to third parties which sell product on behalf of QUIZ. These decreased as a result of the lower revenues generated through concessions and International franchise partners.

Also reflected in the decrease in distribution costs are carriage costs to stores, concessions and franchises as well as to online customers. These costs were consistent year on year.

Other operating income

Other operating income of £0.2 million (2023: £0.2 million) was generated in the period. The current year income relates to the recovery of certain balances owed the Group by a previous subsidiary which entered into administration in June 2020. The prior year income arose from the disposal of inventory which was no longer appropriate for sale through our existing revenue channels.

Finance costs

The finance cost of £0.8 million (2023: £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 £0.4 million (2023: income tax charge of £0.3 million) which represents a reported tax credit rate of 6.7% (2023: tax charge rate of 11.3%).

As at 31 March 2024 the deferred tax asset amounted to £1.1 million (2023: £1.0 million). This balance reflects 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.

The remaining unrecognised deferred tax asset at 31 March 2024 amounts to £1.8 million (2023: £0.5 million).

Earnings per share

The basic loss per share for 2024 was 5.05 pence (2023: earnings per share of 1.64 pence).

Dividends

No dividend was paid during the year (2023: £nil). Given the recent financial performance, the Board does not recommend the payment of a final dividend.

Cash flow and cash position

As at 31 March 2024, the Group had £2.0 million of total liquidity headroom, being a cash balance of £0.3 million and £1.7

million of undrawn bank facilities (31 March 2023: £8.3 million of total liquidity headroom).

On 28 August 2024 the total liquidity headroom available was of £2.3 million, being a £0.4 million cash balance and £1.9 million of undrawn bank facilities.

The £4.0 million of bank facilities available to the Group were renewed subsequent to the year end. These facilities will expire on 30 June 2025. There are no financial covenants applicable to these facilities.

In addition, discussions have commenced with Tarak Ramzan, the Company's founder and largest shareholder, with regards to the provision of a £1.0m loan facility to provide additional liquidity headroom for working capital purposes. The terms of the loan facility will be subject to an independent review (and will constitute a related party transaction for the purpose of the AIM rules) in order to ensure that they are on an arms-length basis before they can be approved by the Board's Independent directors. Details will be announced in due course in the event that terms are agreed.

Net cash flow from operating activities resulted in an outflow of £0.9 million (2023: inflow of £5.9 million). Reflected in this outflow of cash is a £1.5 million working capital outflow (2023: outflow of £0.9 million). The outflow arose due to an increase in receivables of £2.5 million and a decrease in payables of £0.1 million offset by a decrease of £1.1 million in inventories.

Spend on property, plant and equipment and intangible assets amounted to £4.0 million and £0.6 million respectively (2023: £2.0 million and £0.5 million).

Included in property, plant and equipment was investment in new or relocating stores amounting to £1.7 million in year, arising from four new stores and two relocations during the year and spend on a further store relocation completed shortly after the year end. In addition, £1.3 million was spent on an expansion of our distribution centre which has increased its capacity.

Borrowings of £2.3 million comprise of £1.7 million of loans, being amounts drawn down on the Group's working capital facility, and a £0.6 million overdraft balance (2023: £1.4 million of loans drawn down). Both balances are repayable in less than one year. The borrowings drawn in the year represents the movement in the loan balances.

The payment of lease liabilities amounted to £2.9 million (2023: £1.8 million) and reflects an increase in the number of leases subject to fixed rental payments. Given a number of existing leases were renewed or entered into during the year, including those relating to four new stores, the amounts outstanding in relation to lease liabilities increased to £9.9 million (2023: £6.9 million).

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 outflows in respect of Chinese Renminbi for the remainder of the financial year to 31 March 2025.

Gerard Sweeney
Chief Financial Officer

QUIZ plc

Consolidated statement of comprehensive income

Year ended 31 March 2024

	Notes	2024 £000	2023 £000
Continuing operations			
Revenue	2	81,957	91,680
Cost of sales		(30,976)	(35,166)
Gross profit		**50,981**	**56,514**
Recurring administrative costs		(44,218)	(41,728)
Non-recurring administrative costs	3	(1,512)	-
Total administrative costs		(45,730)	(41,728)
Distribution costs		(11,422)	(12,544)
Other operating income		212	214
Total operating costs		**(56,940)**	**(54,058)**
Operating (loss)/profit	5	**(5,959)**	**2,456**
Finance income	6	79	89
Finance costs	6	(830)	(248)
(Loss)/profit before income tax		**(6,710)**	**2,297**
Income tax credit/(charge)	7	435	(260)
(Loss)/profit for the year		**(6,275)**	**2,037**
Other comprehensive (expense)/income			
Foreign currency translation differences - foreign operations		(72)	138
(Loss)/profit and total comprehensive (expense)/income for the year attributable to owners of the parent		**(6,347)**	**2,175**
(Loss)/profit per share:			
Basic and diluted earnings per share	8	**(5.05)p**	**1.64p**

All of the above income is attributable to the shareholders of the parent company.

QUIZ plc

Consolidated statement of financial position

As at 31 March 2024

	Notes	31 March 2024 £000	31 March 2023 £000
Assets			

Non-current assets			
Property, plant and equipment	10	5,912	4,688
Right of use assets	11	8,417	6,523
Intangible assets	12	2,486	2,703
Deferred tax assets	18	1,103	957
Total non-current assets		**17,918**	**14,871**
Current assets			
Inventories	13	11,259	12,322
Trade and other receivables	14	9,950	7,429
Cash and cash equivalents	22	284	7,575
Total current assets		**21,493**	**27,326**
Total assets		**39,411**	**42,197**
Liabilities			
Current liabilities			
Trade and other payables	15	(12,563)	(12,602)
Borrowings	16	(2,327)	(1,410)
Lease liabilities	11	(3,732)	(1,909)
Derivative financial liabilities	17	(36)	(65)
Corporation tax payable		-	(291)
Total current liabilities		**(18,658)**	**(16,277)**
Non-current liabilities			
Lease liabilities	11	(6,129)	(4,967)
Deferred tax liabilities	18	-	(20)
Total non-current liabilities		**(6,129)**	**(4,987)**
Total liabilities		**(24,787)**	**(21,264)**
Net assets		**14,624**	**20,933**
Equity			
Called-up share capital	20	373	373
Share premium	20	10,315	10,315
Merger reserve	20	1,130	1,130
Retained earnings	20	2,809	9,115
Total shareholders' funds		**14,627**	**20,933**

QUIZ plc

Consolidated statement of changes in equity

Year ended 31 March 2024

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2022	**373**	**10,315**	**1,130**	**6,885**	**18,703**
Profit and total comprehensive income for the year	-	-	-	2,175	2,175
Share-based payments charge	-	-	-	55	55
At 31 March 2023	**373**	**10,315**	**1,130**	**9,115**	**20,933**
Loss and total comprehensive expense for the year	-	-	-	(6,347)	(6,347)
Share-based payments charge	-	-	-	38	38
At 31 March 2024	**373**	**10,315**	**1,130**	**2,806**	**14,624**

QUIZ plc

Consolidated cash flow statement

Year ended 31 March 2024

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Operating activities		
Cash generated by operations		
(Loss)/profit for the year	(6,275)	2,037
Adjusted for:		
Depreciation of property, plant and equipment	1,837	1,263
Depreciation of right of use assets	2,872	1,898
Amortisation of intangible assets	602	589
Impairment of property, plant and equipment	935	-
Impairment of right of use assets	400	-
Impairment of intangible assets	177	-
Share-based payment charges	37	55
Exchange movement	(68)	126
Finance income	(79)	(89)
Finance costs	830	248
Income tax (credit)/charge	(435)	260
Decrease/(increase) in inventories	1,063	(612)
Increase in receivables	(2,537)	(1,384)
(Decrease)/increase in payables	(68)	1,136
Net cash (used)/generated from operating activities	**(709)**	**5,527**
Interest paid	(129)	(18)
Income taxes (paid)/refunded	(12)	417
Net cash (outflow)/inflow from operating activities	**(850)**	**5,926**
Investing activities		

Investing activities			
Payments to acquire intangible assets		(562)	(510)
Payments to acquire property, plant and equipment		(3,996)	(1,965)
Interest received		79	89
Net cash outflow from investing activities		**(4,479)**	**(2,386)**
Financing activities			
Borrowings drawn		336	-
Borrowings repaid		-	(10)
Payment obligations under leases		(2,874)	(1,807)
Net cash outflow from financing activities	21	**(2,538)**	**(1,817)**
Net (decrease)/increase in cash and cash equivalents		**(7,867)**	**1,723**
Cash and cash equivalents at beginning of year		**7,575**	**5,840**
Effect of foreign exchange rates		**(5)**	**12**
Cash and cash equivalents at end of year		**(297)**	**7,575**

The Group considers bank overdrafts (see note 16) to be an integral part of its cash management activities and these are included in cash and cash equivalents for the purposes of the cash flow statement.

Selected notes to the Group financial statements

Year ended 31 March 2024

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.

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards and the Companies (Jersey) Law 1991.

Basis of preparation

The Board of Directors approved this preliminary announcement on 28 August 2024. 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 2024 and 2023. The financial information is prepared on the same basis as set out in the statutory accounts for the year ended 31 March 2023.

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 2023 have been filed with the Jersey Companies Registry and the statutory accounts for the year ended 31 March 2024 will be filed in due course. The auditors have reported on the accounts for the years ended 31 March 2023 and 2024 which were unqualified and 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. Their report for 2024 did include a matter to which the auditors drew attention by way of emphasis without qualifying their report relating to a material uncertainty over going concern.

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 period to 31 March 2027 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 2024, the Group had cash of £0.3 million and £1.7 million of unutilised banking facilities (2023: £6.2 million of net cash and £2.1 million of unutilised banking facilities).

Borrowing facilities

The Group has £4.0 million of banking facilities, which expire on 30 June 2025. These facilities comprise a £2.0 million overdraft and £2.0 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 2025 and will be renewed in due course.

In addition, discussions have commenced with Tarak Ramzan, the Company's founder and largest shareholder with regards to the provision of a £1.0m loan facility to provide additional liquidity headroom for working capital purposes. The terms of the loan facility will be subject to an independent review (and will constitute a related party transaction for the purpose of the AIM rules) in order to ensure that they are on an arms-length basis before they can be approved by the Board's Independent directors. Details will be announced in due course in the event that terms are agreed.

The Group had a net cash balance of £2.3 million at 28 August 2024, being a £0.4 million cash balance offset by a £1.9 million bank loan.

Forecast scenarios

The Directors have reviewed management's detailed forecast and supporting business plan for the twelve months from the date when these financial statements are authorised to be issued. The forecasts have been produced on the following basis:

- Base Case Scenario - given the continued cost of living pressures impacting consumers the Base Case Scenario assumes sales through stores, concessions and the QUIZ website will be at a similar level to the previous year on a like-for-like basis in the period to September 2024. Thereafter sales are forecast to be at a higher level on a like-for-like basis with uplifts for stores and concessions of up to 12.5% in the period to 31 March 2025 up to 10.0% in the six months to 30 September 2025. This reflects the anticipated benefit of a number of current initiatives including the recalibration of the QUIZ product proposition, the elevation of the QUIZ brand to be viewed as a more aspirational destination brand, achieving International revenue growth and the continued management of our product and other costs. The assumed sales levels are broadly consistent with those generated in the four months to 31 July 2024. Gross margins and operating costs are assumed to be at a similar level to the prior year other than for certain targeted cost savings to be implemented from October 2024.
- Downside Scenario - given the Base case reflects the benefit of certain initiatives being realised and due to the continued macroeconomic pressures there remains uncertainty with regards achieving these targets, a scenario has been modelled that assumes that none of the anticipated growth on a like-for-like basis on store, concessions and QUIZ web sales is realised and the full scope of the cost reduction programme are not achieved.

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 securing additional lending facilities, raising funds through a share capital issue, ceasing or suspending loss-making activities and optimising working capital.

Neither the Base Case Scenario or Downside Scenario include any expected cash outflow related to the contingent liability disclosed as part of note 25.

The Base Case Scenario indicates the Group will remain within its anticipated available banking facilities, being the current bank facilities, through the next twelve month period.

Without any mitigating factors or contingency, under the Downside Scenario which the Directors consider to be a reasonably feasible scenario with regards to sales and missing cost savings the Group would have limited headroom, based on its existing bank facilities and the additional £1 million facility from Tarak Ramzan being available, at certain points in the year and would potentially require funding in excess of these facilities shortly after the twelve month period. Should there be a decline in sales on a like-for-like basis the Group would require funding in excess of our currently available facilities in the forthcoming twelve month period. However, the Group continues to manage its cash flow and is considering further options to improve liquidity.

Going concern basis

The financial statements continue to be prepared on the going concern basis. This conclusion is based on the Group's current forecasts and mitigating actions available. With the continued challenges in the macro environment and the sensitivity of management's assessment to reasonably possible downside scenarios, coupled with the headroom on the existing bank facilities, the Directors note there exists a material uncertainty related to Going Concern.

This may cast significant doubt over the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. The material uncertainty related to Going Concern arises due to:

- The limited headroom within the existing funding facilities in the context of an uncertain macro-economic environment and the sensitivity of management's assessment to reasonably possible downside scenarios in lieu of any additional financing;
- The availability of committed banking facilities until 30 June 2025, which is less than twelve months from the date when these financial statements are authorised to be issued.

After considering the forecasts, sensitivities and mitigating actions available to Group management and having regard to the risks and uncertainties to which the Group is exposed (including the material uncertainty referred to above), the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and operate within its borrowing facilities for the period twelve months from the date when these financial statement are authorised to be issued. Accordingly, the financial statements continue to be prepared on the going concern basis.

Critical accounting estimates and judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Management performs an impairment review for each cash generating unit ("CGU") that has indicators of impairment. When a review for impairment is conducted, the recoverable amount of an asset or CGU is determined based on value-in-use calculations using the Board approved budget and future outlook and is discounted using the weighted average cost of capital. Forecasts beyond the period of the approved budget are based on management's assumptions and estimates.

Future events could cause the forecasts and assumptions used in impairment reviews to change with a consequential adverse impact on the results and net position of the Group as actual cash flows may differ from forecasts and could result in further material impairments in future years.

The Directors consider each revenue channel/steam to be a CGU; being stores, concessions, online and international. In determining the anticipated contribution from stores each individual store is considered to be a separate CGU. In the current year we have performed an impairment review for each CGU.

The carrying value and impairment charge recognised for the year is shown in Notes 3, 10, 11 and 12. For the year ended 31 March 2024, an impairment charge of £1.5 million has been recognised in light of the reduced profitability of the Group for the year and lower expectations in the relevant forecasts for each CGU compared to those used in the prior year impairment review (2023: £Nil).

Impairment of store CGU assets

Management has assessed whether impaired and unprofitable stores require an impairment charge with regard to their right-of-use and property, plant and equipment assets. This is recognised when the Group believes that the unavoidable costs of meeting or exiting the lease obligations exceed the benefits expected to be received under the lease.

The charge in the year based on anticipated future cash flows from stores amounted to £410,000 (2023: £Nil). £203,000 of the charge is attributable to property, plant and equipment and £207,000 to right-of-use assets. The charge was split between four individual store CGUs.

The recoverable amount is based on the value in use. Value in use is calculated from expected future cash flows using suitable discount rates being 14.6% (2023: 10%) and includes management assumptions and estimates of future performance. Store asset carrying values are considered net of the carrying value of any cash contribution received in relation to that store. The cash flows are modelled for each store through to the lease expiry date. Cash flows beyond the two-year board approved forecasts are extrapolated at a 0% growth rate. No lease extensions have been assumed in the modelling.

Impairment of corporate/central assets

Further to the assessment of each CGU there was a impairment charge of £1,102,000; £177,000 in relation to intangible assets, £732,000 property, plant and equipment and £193,000 right-of-use assets held at a Group level which support the cash generating units operations. The impairment charge was split between 21 individual store CGUs totalling £939,000 and the Irish concessions CGU totalling £163,000.

The recoverable amount is based on the value in use. Value in use is calculated from expected future cash flows using suitable discount rates being 14.6% (2023: 10%) and includes management assumptions and estimates of future performance. The cash flows are modelled for each cash generating unit using two years of board approved forecasts, extrapolated at a 0-2% growth rate for years three to five, and a terminal growth rate of 2%. Corporate/central costs and assets are allocated to CGUs based on either revenue generated or the proportion of costs directly attributable to the CGU.

Sensitivities

Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions. A reduction in sales of 5% from that assumed and a 5% increase in the discount rate used would increase the impairment charge by £0.5 million and £0.1 million respectively. This is the total increase across both stages of the impairment review.

Inventory provision

Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. Net realisable value is based on both historical experience and assumptions regarding future selling prices and is consequently a source of estimation uncertainty.

In the current year, management performed an assessment of all inventory, taking into consideration current sales and forecast sell-through plans to consider the impact on the period-end stock holding. The provision for aged inventory is calculated by providing for 50% of inventory that is more than three seasons old and providing for 100% of inventory that is more than three years old. Given the potential for demand to be impacted going forward the Group has provided up to 10% of the remaining inventory in the current year. Given this approach the provision for aged inventory totalled £1,487,000 at 31 March 2024 (2023: £1,675,000).

2 Revenue

An analysis of revenue by geographical location is as follows:

	2024 £000	2023 £000
UK stores and concessions	41,640	45,451
Online	24,517	29,872
International	15,800	16,357
	81,957	91,680

	2024 £000	2023 £000
United Kingdom	65,729	75,077
Rest of the world	16,228	16,603
	81,957	91,680

3 Non-recurring administrative costs

	2024 £000	2023 £000
Impairment of right of use assets	400	-
Impairment of intangible assets	177	-
Impairment of property, plant and equipment	935	-
	1,512	-

The Directors consider each revenue channel/stream to be a CGU; being stores, concessions, online and international. In determining the anticipated contribution from stores each individual store is considered to be a separate CGU. In the current year we have performed an impairment review for each CGU.

For the year ended 31 March 2024, an impairment charge of £1.5 million has been recognised in light of the reduced profitability of the Group for the year and lower expectations in the relevant forecasts for each CGU compared to those used in the prior year impairment review (2023: £Nil).

4 Employee benefit expenses

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

	2024 £000	2023 £000
Wages and salaries	16,353	14,970
Social security costs	1,265	1,142
Other pension costs	360	257
Agency costs	3,192	2,857
Share-based payment charges	38	55
	21,208	19,281

	No.	No.
Retail	750	727
Distribution	100	98
Administration	145	150
	995	975

Included above is £684,000 in respect of Directors' remuneration (2023: £697,000).

5 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2024 £000	2023 £000
Cost of inventories recognised as an expense	30,976	35,166
Share based payments charges	38	55
Depreciation of property, plant and equipment	1,837	1,263
Impairment of property, plant and equipment	935	-
Depreciation of right of use assets	2,872	1,898
Impairment of right of use assets	400	-
Amortisation of intangible assets	602	589
Impairment of intangible assets	177	-
Short-term and variable lease costs	1,358	2,257
Foreign exchange losses	88	86

6 Finance income and costs

	2024 £000	2023 £000
Interest on cash deposits	79	89
Finance income	79	89

	2024 £000	2023 £000
Interest on lease liabilities	701	231
Interest on loans and overdrafts	129	17
Finance costs	830	248

7 Income tax

	2024 £000	2023 £000
UK corporation tax - current year	(176)	393
UK corporation tax - prior year	(407)	(53)
Foreign tax	28	19
Deferred tax - current year	(301)	104
Deferred tax - prior year	421	(203)
Tax on profit	(435)	260
Reconciliation of effective tax rate		
Profit on ordinary activities before taxation	(6,710)	2,297
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 25% (2023: 19%)	(1,678)	436
Expenses not deductible for tax purposes	102	43
Change in unrecognised deferred tax assets	1,035	32
Impact of overseas tax rate	74	(18)
Write down of previously recognised deferred tax asset	-	23
Adjustments to previous years	32	(256)
	(435)	260

8 Earnings per share

Number of shares:	2024 No.	2023 No.
Weighted number of ordinary shares outstanding - basic and diluted	124,230,905	124,230,905

Earnings:	£000	£000
(Loss)/profit	(6,275)	2,037

Earnings per share:	Pence	Pence
Basic (loss)/earnings per share	(5.05)	1.64

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

9 Dividends

No dividends in respect of 2024 were declared or are proposed (2023: £nil).

10 Property, plant and equipment

	Leasehold improvements £000	Motor vehicles £000	Computer equipment £000	Fixtures, fittings and equipment £000	Total £000
Cost					
At 1 April 2023	792	137	1,698	15,822	18,449
Additions	117	20	469	3,390	3,996
Disposals	-	-	(6)	287	(293)
At 31 March 2024	909	157	2,161	18,925	22,152
Depreciation and impairment					
At 1 April 2023	573	99	1,150	11,939	13,761
Depreciation charge	160	17	270	1,390	1,837
Impairment charge	25	6	59	845	935
Disposals			(6)	(287)	(293)

Disposals	-	-	(6)	(287)	(293)
At 31 March 2024	758	122	1,473	13,887	16, 240
Net book value					
At 31 March 2024	151	35	688	5,038	5,912
At 31 March 2023	219	38	548	3,883	4,688

11 Right to use assets and lease liabilities

	Property £000
Cost	
At 1 April 2023	8,888
Additions	4,686
Re-measurement adjustments (1)	948
Disposals	(1,011)
At 31 March 2024	13,511
Depreciation and impairment	
At 1 April 2023	2,365
Depreciation charge	2,872
Impairment charge	400
Disposals	(543)
At 31 March 2024	5,094
Net book value	
At 31 March 2024	8,417
At 31 March 2023	6,523

(1) Re-measurement adjustments have primarily arisen due to not exercising break clauses and changes in rental amounts.

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

	2024 £000	2023 £000
At 1 April 2023	6,876	1,139
Additions	4,686	7,313
Re-measurement adjustments	948	-
Disposals	(476)	-
Interest expense related to lease liabilities	701	231
Repayment of lease liabilities (including interest)	(2,874)	(1,807)
At 31 March 2024	9,861	6,876
Current lease liabilities	3,732	1,909
Non-current lease liabilities	6,129	4,967

Leases relate to the use of the Group's Head Office, Distribution Centre and a number of its retail stores. Lease arrangements in respect of retail stores include a combination of eases with fixed rents which are reflected in the right of use assets and the associated lease liabilities and leases where charges are related to the revenues generated in the relevant retail stores. Costs in the year in respect of facilities in the year with fixed rentals amounted to £2,538,000 (2023: £2,129,000) and £1,358,000 in respect of leases with charges related to the revenue generated within that store (2023: £2,257,000).

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:

	2024 £000	2023 £000
Within one year	53	85

12 Intangibles

	Goodwill £000	Computer software £000	Trademarks £000	Total £000
Cost				
At 1 April 2023	6,175	4,337	165	10,677
Additions	-	562	-	562
At 31 March 2024	6,175	4,899	165	11,239
Amortisation and impairment				
At 1 April 2023	5,248	2,632	94	7,974
Amortisation charge	-	586	16	602
Impairment charge	-	177	-	177
At 31 March 2024	5,248	3,395	110	8,753
Net book value				
At 31 March 2024	927	1,504	55	2,486
At 31 March 2023	927	1,705	71	2,703

The goodwill 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 two years, with a growth rate of 2% (FY 2023: decline rate of 15%) and a pre-tax discount rate of 14.6% (FY 2023: 10%) applied, being the Directors' estimate of the Group's cost of capital. 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.

13 Inventories

	2024 £000	2023 £000
Finished goods and goods for resale	11,250	12,322

Finished goods and goods for resale	11,259	12,322

The cost of inventories recognised as an expense during the year in respect of continuing operations amounted to £30,976,000 (2023: £35,166,000). The cost of inventories included a net credit in respect of write-downs of inventory to net realisable value of £188,000 (2023: credit of £875,000). Inventories are stated after provisions for impairment of £1,487,000 (2023: £1,675,000).

14 Trade and other receivables

	2024 £000	2023 £000
Trade receivables - gross	3,372	3,292
Less allowance for expected credit losses (calculated under IFRS 9)	(417)	(333)
Trade receivables - net	2,955	2,959
Other receivables	1,782	2,113
Prepayments and accrued income	5,213	2,357
	9,950	7,429

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

15 Trade and other payables

	2024 £000	2023 £000
Trade payables	9,513	7,116
Other taxes and social security costs	710	1,610
Accruals	1,042	2,585
Other payables	1,298	1,291
	12,563	12,602

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 their carrying value.

Included within other payables at the year-end date was a balance of £45,000 (2023: £59,000) owed to the Group's pension scheme.

16 Borrowings

	2024 £000	2023 £000
Bank loans	1,746	1,410
Bank overdraft	581	-
	2,327	1,410
Current	2,327	1,410

The Group's overdraft and loan facilities amount to £4.0 million (2023: £4.0 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 loan 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 2025.

Borrowings are denominated and repaid in Pounds Sterling, have contractual interest rates that are either fixed rates or variable rates linked to the Bank of England base rate 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.

17 Derivative financial instruments

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

	2024 £000	2023 £000
Foreign currency forward contracts	36	65

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 2024, the Group had commitments to buy the equivalent of £3,950,000 of Chinese Renminbi (2023: £3,050,000).

18 Deferred tax

The following is an analysis of the deferred tax assets:

	Tax Losses £000	Fixed asset timing differences £000	Total £000
Balance brought forward	569	388	957
Credit to income statement	286	(140)	146
Total deferred tax asset at end of year	855	248	1,103

At 31 March 2024 there was a total of unprovided deferred tax assets of £1,863,000 (2023 - £471,000) of which £1,391,000 relates to tax losses (2023 - £Nil) and £471,000 in relation to fixed asset timing differences (2023 - £471,000).

19 Financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities, other than derivatives. 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.

	2024 £000	2023 £000
Category of financial instruments		
Carrying value of financial assets:		
Cash and cash equivalents	284	7,575
Trade and other receivables	3,486	3,196
Total financial assets	3,770	10,771
Carrying value of financial liabilities:		
Trade and other payables	(11,853)	(10,992)
Bank and other borrowings	(2,327)	(1,410)
Derivative financial instruments	(36)	(65)
Lease liabilities	(9,861)	(6,876)
Total financial liabilities	(24,077)	(19,343)

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.

20 Share capital and reserves

	2024 £000	2023 £000
Share capital - allotted, called up and fully paid		
124,230,905 ordinary shares of 0.3 pence each (31 March 2023: 124,230,905)	373	373
Share premium	10,315	10,315

Share capital

The issued share capital at 31 March 2024 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 rights, preferences and restrictions.

Share premium

The share premium reserve contains the premium arising on the issue of equity shares above their nominal value, 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.

21 Change in liabilities arising from financing activities

	2023 £000	Cash flow £000	Non-cash changes £000	2024 £000
Cash at bank and in hand	7,575	(7,286)	(5)	284
Net cash per statement of cash flows	7,575	(7,286)	(5)	284
Borrowings - overdraft	-	(581)	-	(581)
Borrowings - loan	(1,410)	(336)	-	(1,746)
Net cash before lease liabilities	6,165	(8,203)	(5)	(2,043)
Lease liabilities	(6,876)	2,874	(5,859)	(9,861)
Net debt after lease liabilities	(711)	(5,329)	(5,864)	(11,904)

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

22 Cash and cash equivalents

	2024 £000	2023 £000
Cash at bank and in hand	284	7,575
Net cash at bank and in hand	284	7,575

23 Financial commitments

Capital commitments

The Group had £0.2 million of capital commitments of at 31 March 2024 (FY 2023: £1.9 million) which were not provided for in the financial statements.

24 Related party transactions

The Group considers its Executive and Non-Executive Directors as key management and therefore has a related party relationship with them. Two Directors, Tarak Ramzan and his son Sheraz Ramzan, and their relatives control 48.7% of the voting shares of the Company (2023: 48.7%).

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

	Purchases from		`Balance owed to		Balances due from	
	2024	2023	**2024**	2023	**2024**	2023

	£000	£000	£000	£000	£000	£000
Big Blue Concepts Limited	**375**	344	**-**	-	**-**	35
Tarak Manufacturing Limited	**263**	241	**-**	-	**-**	-
Ocean 9 Limited	**30**	39	**-**	-	**-**	-

The charges from Big Blue Concepts Limited and Tarak Manufacturing Limited solely relate to the rental of the Group's distribution centre and head office respectively. These leases were entered into further to the Independent Non-Executive Directors of the Company having received independent legal advice and independent commercial real estate advice and being satisfied that they reflect arm's length legal and commercial terms.

The charges from Ocean 9 Limited relate to consultancy fees payable to the spouse of one of Tarak Ramzan's children for the provision of property advice.

25 Contingent Liability

Subsequent to the year end the Company received a claim letter from a supplier of IT software in relation to a contract for services entered into February 2020. Further to the provision of initial advice from Kings Counsel, the Group does not consider that any monies are due under this contract and as such does not accept any liability in respect of this matter. The potential claim amounts to £673,000 plus VAT with the potential for interest of £573,000 to be sought on this amount.

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