13 July 2023

Watches of Switzerland Group PLC
FY23 Results
for the 52 weeks to 30 April 2023

Record year of revenue, profitability and return on capital employed
Entering FY24 well-set for further growth and significantly ahead of Long Range Plan

Brian Duffy, Chief Executive Officer, said:
"Our record performance is testament to our unique combination of longstanding luxury brand partnerships, dedicated colleagues focused on delivering exceptional client service, and our well-invested network of showrooms, which are supported by leading multi-channel capabilities. Luxury watch demand remains strong and continues to outpace supply, with our client registration lists extending and average selling prices growing.

"We have been busy expanding our international network of showrooms, adding a total of 28 across the UK, US and Europe, whilst also upgrading a further 13 showrooms, including the rollout of our Goldsmiths Luxury format. Our Xenia Client Experience Programme, which we have now introduced across our business, elevates our client service proposition even further, taking inspiration from the world of luxury hospitality. We take great pride in doing what we can to care for our people, our communities and our planet, and are pleased to have achieved an MSCI ESG Rating of AAA in recognition of our ESG credentials.

"We start the new financial year with some great projects, with the opening of our Watches of Switzerland showroom at American Dream in New Jersey, upgrading and relocating our Mayors showroom in Dadeland Florida, the first opening of our new Mappin & Webb contemporary showroom design, and five mono-brand boutiques in the UK and Europe including our first showroom in Germany. We reiterate our guidance for FY24 which reflects our continued confidence in the strength of our organic growth strategy, whilst we continue to actively pursue additional inorganic growth opportunities to enhance that growth.

"We enter FY24 significantly ahead of where we expected to be when we presented our Long Range Plan in 2021, and we look forward to presenting our Long Range Plan update, which will outline our growth ambitions beyond FY26 to FY28, in Autumn this year."

£million	52 weeks ended 30 April 2023	52 weeks ended 1 May 2022	YoY change Reported rates	YoY change Constant currency[2]
Group revenue	**1,543**	**1,238**	**25%**	**19%**
UK and Europe	890	810	10%	10%
US	653	428	52%	35%
Adjusted EBITDA[1]	**201**	**162**	**24%**	
Adjusted EBITDA margin	*13.1%*	*13.1%*	-	
Adjusted EBIT[1]	**165**	**130**	**27%**	
Adjusted EBIT margin	*10.7%*	*10.5%*	*20bps*	
Adjusted EPS[1] (p)	52.7	41.8	26%	
Statutory operating profit	**179**	**142**	**26%**	
Statutory operating margin	*11.6%*	*11.5%*	*10bps*	
Statutory basic EPS (p)	51.2	42.2	21%	
Statutory profit before tax	**155**	**126**	**23%**	
Free cash flow[1]	146	112	30%	
Return On Capital Employed[1]	27.9%	27.4%	50bps	
Net cash/(debt)[1]	16	(14)		

FY23 Financial Highlights

- Group revenue £1,543 million, +25% at reported rates, +19% at constant currency on prior year
  - Luxury watch sales grew 28% year-on-year (representing 87% of Group revenue) driven by a combination of increased average selling price (ASP) as well as volume growth
  - Luxury jewellery sales grew 10% driven by an increase in ASP with focus on full price sell through
  - Excellent progress with showroom expansion and refurbishment programme
- Adjusted EBIT[1] +27% to £165 million (FY22: £130 million)
  - Adjusted EBIT margin +20bps to 10.7% (FY22: 10.5%, when margins benefited from £5 million of UK business rates relief) driven by sales and operational leverage against an inflationary backdrop
- Statutory operating profit +26% to £179 million (FY22: £142 million)
- Expansionary capital expenditure[2] of £68 million (FY22: £41 million) with 27 (FY22: 18) new showrooms opened and 13 showrooms refurbished (FY22: 17)
- Free cashflow[1] of £146 million (FY22: £112 million) with conversion +330bps to 72% (FY22: 69%) benefiting from strong trading in the year partially offset by investment in inventory
- Return on Capital Employed[1] increased 50bps to 27.9% (FY22: 27.4%)
- Net cash[1] of £16 million as of 30 April 2023 (1 May 2022: Net debt[1] of £14 million)

FY23 Operating Highlights

- Continued strong momentum in the US, with revenue of £653 million (FY22: £428 million), +35% at constant currency, +52% at reported rates
  - Revenue growth excluding acquisitions +27% at constant currency, with newly acquired showrooms performing well
  - Further investment in showroom network with opening of six mono-brand boutiques and one new Watches of Switzerland showroom acquisition, anchored by Rolex, opened in New Jersey in July
  - FY23 ended with 24 multi-brand showrooms (FY22: 23) and 23 mono-brand boutiques (FY22: 17)
- Strong UK and Europe performance driven by domestic clientele, with revenue of £890 million (FY22: £810 million), +10% vs FY22
  - Improved performance in airport business as traffic recovers
  - Significant investment in 15 new UK showroom openings including four mono-brand boutiques and a Watches of Switzerland multi-brand showroom at Battersea Power Station, London
  - Continued rollout of Goldsmiths Luxury concept with nine showrooms refurbished in FY23 and significant enhancements to two Watches of Switzerland multi-brand showrooms
  - FY23 ended with 89 multi-brand showrooms (FY22: 93) and 51 mono-brand boutiques (FY22: 38)
- Opened six mono-brand boutiques in Europe. Consumers responding well to elevated showroom

experience and client service

- Pre-owned luxury watch revenue grew strong double digits with pricing and margins maintained

Outlook

- Despite the current macroeconomic sentiment our FY24 guidance remains unchanged from that provided with our Q4 trading update on 17 May 2023. Guidance reflects current visibility of supply from key brands and confirmed showroom refurbishments, openings and closures, and excludes uncommitted capital projects and acquisitions

- FY24 guidance (on an organic pre-IFRS 16 basis):
    - Revenue: £1.65 - £1.70 billion, growth of 8 – 11% at constant currency
    - Adjusted EBIT margin %: In line with FY23
    - Total finance costs: c.£3 million
    - Underlying tax rate: 27% – 28% reflecting the increase in UK corporation tax
    - Capex: £70 - 80 million
    - Operating cash conversion: c.70% weighted towards H2 in line with the seasonal pattern

The equivalent guidance on an IFRS 16 basis is:

- Adjusted EBIT margin %: In line with FY23
- Total finance costs: £23 - £27 million

- The Group has an exciting schedule of new showroom projects for FY24, some of which have already been completed and others which will be completed in the balance of the year, including:
    - Watches of Switzerland multi-brand showroom in American Dream, New Jersey opened in May
    - Expansion of the mono-brand portfolio with 20 boutiques planned across the UK, US and Europe:
        - Opened two mono-brand boutiques, Breitling and TAG Heuer, in Cabot Circus, Bristol and one Breitling mono-brand boutique in York in June
        - Opened our first showroom in Berlin, Germany and another mono-brand boutique in the Mall of Scandinavia, Stockholm, both in partnership with TAG Heuer in June
    - Continued refurbishment and expansion of the showroom network including:
        - Refurbishment and expansion of Mayors Dadeland, Florida opened in May
        - Launched our first new contemporary showroom concept for Mappin & Webb in York in June
        - Continued roll-out of Goldsmiths Luxury showroom format
    - Launch of Rolex Certified Pre-Owned in the US next week and in the UK in September
    - Expanding Rolex Boutique in Millenia (Orlando) Florida in Autumn 2023
    - Watches of Switzerland multi-brand showroom at One Vanderbilt, New York due to open early 2024

- In FY25:
    - Old Bond Street Rolex flagship boutique due to open Summer 2024
    - AP House in Manchester, via a Joint Venture partnership with Audemars Piguet due to open Autumn 2024
    - Expanding Rolex boutique in Glasgow due to open Autumn 2024
    - Relocating and expanding Watches of Switzerland multi-brand showroom in Plano (Dallas), Texas with a new Rolex agency

- The Group is exposed to movements in the £/$ exchange rate when translating the results of its US operations into Sterling. The Actual average exchange rate for FY23 was 1.20.

Conference call
A webcast conference call for analysts and investors will be held at 9.00am (UK time) today to announce the FY23 results. To join the call, please use the following details:

Webcast link: https://brrmedia.news/WOSG_FY23
Conference call dial-in: +44 (0) 33 0551 0200
Password: Watches of Switzerland

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About the Watches of Switzerland Group
The Watches of Switzerland Group is the UK's largest luxury watch retailer, operating in the UK, US and Europe comprising five prestigious brands; Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK), Mayors (US) and Betteridge (US), with a complementary jewellery offering.

As at 30 April 2023, the Watches of Switzerland Group had 193 showrooms across the UK, US and Europe including 80 dedicated mono-brand boutiques in partnership with Rolex, OMEGA, TAG Heuer, Breitling, TUDOR, Audemars Piguet, Grand Seiko, BVLGARI and FOPE and has a leading presence in Heathrow Airport with representation in Terminals 2, 3, 4 and 5 as well as seven retail websites.

The Watches of Switzerland Group is proud to be the UK's largest retailer for Rolex, OMEGA, Cartier, TAG Heuer and Breitling watches.
www.thewosgroupplc.com

CEO Review

FY23 was another record year for revenue and profitability, with Group revenue growth of 25% at reported rates against the prior year (+19% at constant currency) and continued Adjusted EBIT[1] margin expansion. Although, as expected, the second half of FY23 saw a more challenging trading environment, luxury watch demand remained strong and continues to exceed supply. We generated strong cash flow, a record level of Return on Capital Employed[1] (ROCE) of 27.9% (FY22: 27.4%) and closing net cash[1] of £16 million as at 30 April 2023 (1 May 2022: net debt[1] £14 million). We have over 2,800 colleagues at the Watches of Switzerland Group and I would like to thank all our colleagues for their continued hard work and dedication, which is key to our success.

The US business delivered exceptional growth, +52% at reported rates against the prior year (+35% at constant currency), generating sales of £653 million, and now represents 42% of Group revenue. We continued to expand our US network, opening six mono-brand boutiques, one new showroom acquisition, anchored by Rolex, in New Jersey and expanded our presence in Mayors Boca Raton, Florida. We are building our team and resources, in what is now the number one market globally for luxury Swiss watches, and remain confident in the long-term growth potential of the US market.

In the UK and Europe, revenue increased 10% vs FY22, driven by domestic clientele with encouraging ongoing improvement in our airport business. We made significant investment in our showrooms during the year, opening 15 new UK showrooms including five in Battersea Power Station, a standout project. We have continued with the rollout of our Goldsmiths Luxury concept with the reopening of nine showrooms including our flagship in Meadowhall, Sheffield which now features a large, dedicated Rolex room and Cartier 'Espace'.

We are delighted to have launched our entry into the European market with the opening of five mono-brand boutiques in Stockholm and Copenhagen and in the final quarter of the year we opened our first mono-brand boutique in Dublin. Following the year end we opened our first mono-brand boutique in Berlin, Germany and another in the Mall of Scandinavia, Stockholm, both in partnership with TAG Heuer. Our new stores in Stockholm and Copenhagen are performing in line with our expectations. Our teams in these new cities are full of enthusiasm and doing a fantastic job. Consumers in these markets are responding well to our elevated showroom experience and client service.

Luxury watches sales grew 28% year-on-year (representing 87% of Group revenue) driven by a combination of increased average selling price as well as volume. Luxury jewellery sales increased at a more modest 10% in the year reflecting a tougher macroeconomic backdrop and focus on full price sales. Growth was driven by average selling prices as we continued to merchandise to higher price points and reduce discounting in the US.

Turning to full year profitability, we generated an FY23 Adjusted EBIT[1] of £165 million and operating profit of £179 million. FY23 saw another year of margin expansion, with Adjusted EBIT[1] margin increasing 20bps, as we continued to leverage our fixed cost base, despite headwinds from product mix and Interest Free Credit.

Having closed out FY23, I would like to reflect on where we stand against the Long Range Plan we presented to the market back in the summer of 2021. Following two years of exceptional performance, sales are significantly ahead of plan, by over £200 million (excluding the benefits of favourable movements in foreign exchange, which makes the differential even greater). We are delighted with our progress, our momentum and our prospects for future profitable investment and growth.

I am writing this on my return from the Watch & Jewellery Initiative 2030 CEO Forum in Paris, where as industry leaders, we acknowledged the critical importance of us coming together to create a fully sustainable watch and jewellery industry that is resilient to climate change, preserves natural resources and fosters inclusivity. I'm delighted with the progress we are making across these areas, including the verification of our science-based emission reduction targets, development of new ESG Partner Standards, our continuing focus on protecting human rights, and most recently achieving an MSCI ESG Rating of AAA. We look forward to further advocating the aims of the initiative in FY24.

I am proud of the strong culture at the Watches of Switzerland Group, which is based on our Purpose to 'WOW our clients while caring for our colleagues, our communities and our planet'. Our Company values of respect, trust and confidence, underpin our approach to talent and equal opportunity. We continue to elevate our offer to colleagues to ensure that we attract and grow a loyal, diverse team of highly trained and engaged colleagues who are well rewarded for their expertise and committed to developing their careers with our Group. Social mobility is an important part of our DNA across the Group and we have continued to sharpen our focus on this in FY23. I am pleased to support the investment in the development of our colleagues and to providing development opportunities for all.

Caring for our communities has always been a priority for us and it is humbling to see the tremendous positive impact made possible by The Watches of Switzerland Group Foundation, the aim of which is to provide essential support to charities located in the communities within which we operate, focusing on poverty, the advancement of education and relief to those in need in both the UK and the US. The Foundation is managed by a Board of Trustees who bring a unique mix of experience, expertise, drive and talent. In a year in which the external pressures have impacted significantly on society and in particular young people, I am proud that the Foundation has helped over 20,000 people affected by poverty and we are pleased to support the following charities: The Prince's Trust, Local Food Banks, Fuel Bank Foundation, Crisis, Habitat for Humanity, Feeding South Florida, Las Vegas Food Bank. and 3 Square and NYC Food Bank.

Looking forward, our FY24 guidance issued on 17 May 2023 projects full year sales of between £1.65 and £1.70 billion, reflecting underlying sales growth of 8 to 11% at constant currency with Adjusted EBIT[1] margins in line with FY23. FY24 guidance anticipates that the more challenging trading environment of the second half of FY23 will continue into the first half of FY24.

We have an exciting pipeline of new showroom projects planned as we continue to invest in the Group. These include our Old Bond Street Rolex flagship boutique due to open Summer of 2024, AP House in the City of Manchester, via a Joint Venture partnership with Audemars Piguet due to open Autumn of 2024, and we most recently opened our flagship Watches of Switzerland showroom in American Dream, New Jersey.

Finally, I would like to thank Bill Floydd for his valuable contribution to the Group during his time here as CFO and wish him well for the future. I am delighted that Anders Romberg has re-joined the business as CFO in May 2023. Anders has a strong track record of financial leadership and thorough knowledge of our Group, as well as the specialist luxury watch and jewellery categories, and I look forward to working with him again.

Financial Review

The Group's Consolidated Income Statement is shown below which is presented including IFRS 16 'Leases' and includes exceptional items.

Income Statement – post-IFRS 16 and exceptional items (£million)	52 weeks ended 30 April 2023	52 weeks ended 1 May 2022	YoY variance
Revenue	**1,542.8**	**1,238.0**	**25%**
Operating profit	**178.6**	**142.1**	**26%**
Net finance cost	(23.8)	(15.9)	**(50)%**
Profit before taxation	**154.8**	**126.2**	**23%**
Taxation	(33.0)	(25.2)	(31)%
Profit for the financial period	**121.8**	**101.0**	**21%**
Basic earnings per share	**51.2p**	**42.2p**	**21%**

Management monitor and assess the business performance on a pre-IFRS 16 and exceptional items basis, which is shown below. This aligns to the reporting used to inform business decisions, investment appraisals, incentive schemes and debt covenants. A full reconciliation between the pre- and post-IFRS 16 results is shown in the Glossary.

Income Statement – pre-IFRS 16 and exceptional items (£million)	52 weeks ended 30 April 2023	52 weeks ended 1 May 2022	YoY variance
Revenue	**1,542.8**	**1,238.0**	**25%**
Net margin[1]	**576.3**	**470.6**	**22%**
Showroom costs	(279.2)	(226.7)	(23)%
4-Wall EBITDA[1]	**297.1**	**243.9**	**22%**
Overheads	(84.1)	(73.3)	(15)%
EBITDA	**213.0**	**170.6**	**25%**
Showroom opening and closing costs	(11.6)	(8.4)	(40)%
Adjusted EBITDA[1]	**201.4**	**162.2**	**24%**
Depreciation, amortisation and loss on disposal of fixed assets	(36.3)	(31.9)	(13)%
Segment profit (Adjusted EBIT)[1]	**165.1**	**130.3**	**27%**
Net finance costs	(5.9)	(3.7)	(55)%
Adjusted profit before taxation[1]	**159.2**	**126.6**	**26%**
Adjusted earnings per share[1]	**52.7p**	**41.8p**	**26%**

Revenue

Revenue by geography and category

52 weeks ended 30 April 2023 (£million)	UK and Europe	US	Total	Mix
Luxury watches[2]	749.6	586.5	1,336.1	87%
Luxury jewellery[2]	67.8	51.4	119.2	7%
Other/services	72.5	15.0	87.5	6%
Total revenue	**889.9**	**652.9**	**1,542.8**	**100%**

52 weeks ended 1 May 2022 (£million)	UK and Europe	US	Total	Mix
Luxury watches[2]	663.9	382.6	1,046.5	85%
Luxury jewellery[2]	72.4	36.4	108.8	9%
Other/services	73.3	9.4	82.7	6%
Total revenue	**809.6**	**428.4**	**1,238.0**	**100%**

Group revenue increased by 25% (19% on a constant currency basis) to £1,542.8 million.

UK and Europe revenue increased by 10% during the year through a combination of continued strong demand, benefits from pricing, investment in the showroom portfolio, new showrooms and strong clienteling activity by the Group. Consumer appetite for products remained strong and, in many instances, well above the levels that the Group is able to supply. Our showroom colleagues continued to build strong client relationships through Xenia, our elevated Client Experience Programme, backed up by strong digital marketing campaigns and offline marketing events to showcase product. Clients continue to have the option to choose their experience through in-person appointments or online through the Luxury Watch and Jewellery Virtual Boutique.

During the year, the UK opened five showrooms at the iconic Battersea Power Station in London (one multi-brand showroom and four mono-brand boutiques) and a further ten mono-brand boutiques in the UK. Six showrooms were closed giving a net increase of nine in the UK. In the year, 12 refurbishments were completed enhancing our existing estate to further elevate the partner brands we display in those showrooms and advance our client experience. Tourist sales remain very low, but there has been consistent performance improvement at airports. The Group also opened its first six mono-brand boutiques in Europe (three in Sweden, two in Denmark and one in the Republic of Ireland). Initial trading is in line with expectations and the impact on the Group is not material for the year.

US revenue increased by 52% year-on-year (35% on a constant currency basis) and the US business made up 42% of the Group's revenue in FY23 (FY22: 35%). Underlying growth (+27% excluding acquisitions at constant currency) was strong across all locations with continued consumer appetite for high demand and other products. Key locations in Florida (Mayors), Las Vegas (Wynn Resort), and New York all delivered significant growth. This was accomplished through a quality product offering, superior client experience and backed up by strong marketing campaigns which had significant reach across offline and online channels.

During the year, the US opened six mono-brand boutiques and completed the acquisition of one showroom in New Jersey. The acquired showroom is now branded Watches of Switzerland and features Rolex, TUDOR, Cartier and a significant jewellery offering. The Group also annualised the acquisition of five showrooms from the previous year (three under the Betteridge brand and two showrooms now branded Watches of Switzerland). Our US ecommerce platform has continued to grow, and sales of vintage and pre-owned luxury watches have been encouraging.

Group revenue from luxury watches grew by 28% and made up 87% of revenue in line with the prior year. Pre-owned revenue grew by strong double digits, with pricing and margins maintained.

Group luxury jewellery revenue grew by 10%. UK luxury jewellery sales declined by 6% versus the prior year, where FY23 saw a more competitive market environment including discounting. Luxury jewellery revenue in the US showed strong underlying growth and was further supported by the prior year acquisition of the Greenwich Betteridge showroom and the opening of our first BVLGARI mono-brand boutique. The US focused on the sale of full price items and the elimination of discounting in the year.

Other/services revenue, consisting of servicing, repairs, insurance services and the sale of fashion and classic watches and other non-luxury jewellery grew by 6%.

Group ecommerce sales[2] increased 3% compared to the prior year.

Profitability

	Profitability as a % of revenue		
Income Statement – pre-IFRS 16 and exceptional items (£million)	**52 weeks ended 30 April 2023**	**52 weeks ended 1 May 2022**	**YoY variance**
Net margin[1]	37.4%	38.0%	(60bps)
Showroom costs	18.1%	18.3%	20bps
4-Wall EBITDA[1]	19.3%	19.7%	(40bps)
Adjusted EBITDA[1]	13.1%	13.1%	-
Adjusted EBIT[1]	10.7%	10.5%	20bps

Net margin as a % of revenue was 37.4% in the year. This was 60bps lower than the prior year driven by product mix and higher costs of Interest Free Credit due to interest rate rises in the UK and US, partly mitigated by reduced promotional discounts on jewellery.

Showroom costs increased by £52.5 million (+23%) from the prior year, to £279.2 million. This reflects the opening of new showrooms and the annualisation of prior year openings. Showroom costs as a percentage of revenue reduced by 20 bps from 18.3% to 18.1%, reflecting leverage of costs. Showroom payroll costs increased by £18.7 million including the impact of new showrooms, commission on additional revenue, and annual pay rises to colleagues. Property related costs increased from FY22 by £20.4 million, driven by our increased showroom portfolio and the reintroduction of UK business rates following their suspension during the pandemic (+£5.0 million versus FY22). Variable showroom costs increased in line with revenue.

Overheads increased by £10.8 million (+15%) due to additional investment in headcount, IT costs and marketing events to support growth.

Showroom opening and closing costs include the cost of rent (pre-IFRS 16), rates and payroll prior to the opening or closing of showrooms, or during closures when refurbishments are taking place. This cost will vary annually depending on the scale of expansion in the year. Total costs for the year were £11.6 million versus £8.4 million in FY22, reflecting the increased number of refurbishments and openings undertaken.

Exceptional items

Exceptional items are defined by the Group as those which are significant in magnitude or are linked to one-off events which are expected to be infrequent in nature.

Exceptional items (£million)	52 weeks to 30 April 2023	52 weeks to 1 May 2022
Legal expenses on business acquisition	0.9	0.5
Reversal of showroom impairment	(0.7)	(0.4)
Amortisation of capitalised transaction costs	0.7	-
IPO costs	-	1.5
Total	**0.9**	**1.6**

Costs associated with the acquisition of new showrooms are treated as exceptional as they are regarded as non-trading, non-underlying costs.

During FY23 the estimated 'value-in-use' recoverable amounts were reassessed taking into account FY23 performance and the latest discounted cash flow for each showroom. As a result of improved trading, an impairment reversal has been made at the year end, where the original impairment had been made through exceptional items.

After the year end, on 9 May 2023 the Group entered into a new financing arrangement by way of a £225.0 million multicurrency revolving loan facility. On this date the existing £120.0 million Term Loan and Revolving Credit Facility of £50.0 million were extinguished. The capitalised transaction fees in relation to the existing facilities have been accelerated through exceptional items.

IPO costs of £1.5 million in the prior year related to IPO-linked share-based payments. The shares vested and were settled in the prior year, and there will be no further costs of this nature.

Adjusted EBIT and statutory operating profit

As a consequence of the items noted above, Adjusted EBIT was £165.1 million, an increase of £34.8 million (+27%) on the prior year.

After accounting for exceptional costs of £0.2 million and IFRS 16 adjustments of £13.7 million, statutory operating profit (EBIT) was £178.6 million, an increase of 26% on the prior year.

Finance costs

Net finance costs (£million)	52 weeks ended 30 April 2023	52 weeks to 1 May 2022
Pre-IFRS 16 finance costs, excluding exceptionals	**5.9**	**3.7**
IFRS 16 interest on lease liabilities	17.2	12.2
Total net finance costs, excluding exceptionals	**23.1**	**15.9**

Interest payable on borrowings increased in the year, reflecting higher market lending rates.

The IFRS 16 interest on lease liabilities increased by £5.0 million due to recent additions to the lease portfolio and increased discount rates used for new leases.

Taxation

The pre-IFRS 16 effective tax rate for the year was 21.4%. This is higher than the UK tax rate of 19.5% largely as a result of higher taxes chargeable on US profits (26.5% including federal and state taxes). The effective tax rate reported under IFRS 16 was 21.4%.

Balance Sheet

Balance Sheet (£million)	30 April 2023	1 May 2022
Goodwill and intangibles	200.4	183.2
Property, plant and equipment	154.4	112.5
Right-of-use assets	359.1	293.6
Inventories	356.0	302.6
Trade and other receivables	19.8	22.3
Trade and other payables	(219.6)	(201.4)
Lease liabilities	(410.4)	(340.6)
Net cash[1]/(debt[1])	16.4	(14.1)
Other	(6.8)	3.2
Net assets	**469.3**	**361.3**

The prior year balances have been restated to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge'). The net impact was a reduction in inventory and deferred tax asset with the corresponding entry to the goodwill balance.

Goodwill increased as a result of the US acquisition in the year, which gave rise to £18.2 million of goodwill, in addition to a £0.5 million adverse exchange impact. A further £2.7 million of computer software additions were made in the year as part of ongoing IT developments, offset by amortisation of £3.2 million.

Property, plant and equipment increased by £41.9 million in the year. Additions of £75.0 million were offset by depreciation of £32.3 million, and a loss on disposal of £0.8 million.

Including software costs, which are disclosed as intangibles, capital additions (including accruals) were £77.7 million in the year of which £73.0 million was expansionary. Expansionary capex relates to new showrooms, relocations or major refurbishments (defined as costing over £0.25 million). In the year, the Group opened 27 new showrooms, and refurbished 13 showrooms. Investment in our portfolio is paramount to our strategy and the Group follows a disciplined payback policy when making capital investment decisions.

Right-of-use assets increased by £65.5 million in the year, to £359.1 million. Additions to the lease portfolio along with lease renewals or other lease changes (including impairment reversal of £0.2 million) were £117.1 million. This has been offset by depreciation of £50.3 million and an adverse foreign exchange impact of £1.3 million.

Lease liabilities increased by £69.8 million in the year. The portfolio changes noted above increased the lease liability by £112.9 million. Interest charged on the lease liability was £17.2 million along with a favourable exchange impact of £1.1 million. Lease payments were £59.2 million, giving a lease liability balance of £410.4 million.

Inventory levels increased by £53.4 million (+18%) compared to the prior year. New showrooms and acquisitions accounted for £28.0 million of the increase. The balance of £25.4 million is a like for like increase in showroom inventory that supports sales growth and is reflective of price increases on a number of brands, in addition to an increase in average product prices. The inventory obsolescence risk remains low.

Trade and other receivables decreased by £2.5 million compared to FY22. Overall the balance remains relatively low and represents prepayments, rebate receivables, rent deposits and other ad hoc receivables such as property contributions.

Trade and other payables increased by £18.2 million compared to FY22. The increase principally relates to an increase in the inventory trade payable aligned with the increased inventory in the year. The increase is also as a result of higher operational liabilities in line with the business expansion.

Other includes taxation balances, defined benefit pension and capitalised finance costs.

Net debt and financing

Net cash on 30 April 2023 was £16.4 million, an increase of £30.5 million since 1 May 2022, driven by £145.8 million of free cash flow[1] offset by £67.5 million of expansionary capex, £24.9 million relating to acquisitions and £21.3 million for the purchase of own shares to satisfy management incentives.

Net debt post-IFRS 16 was £394.0 million. The value comprises the pre-IFRS net cash of £16.4 million and the £410.4 million lease liability.

During FY23 the Group had the following financing facilities in place:

Facility	**Expiring**	**Amount (million)**
UK Term Loan – UK SONIA + CAS + 1.75% to +2.80%	June 2024	£120.0
UK Revolving Credit Facility – UK SONIA + CAS +1.50% to +2.55%	June 2024	£50.0
US Asset Backed Facility (ABL) – US LIBOR +1.25% to +1.75%	April 2023	$60.0

The US ABL facility expired in April 2023. On 4 June 2019, the Group entered into a facility consisting of a UK Term Loan for £120.0 million and a UK RCF of £50.0 million. The UK Term Loan was fully drawn as at 30 April 2023.

After the year end, on 9 May 2023, the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The new facility will use UK SONIA +1.50% to +2.55%. The existing facilities were repaid and extinguished on this date.

Cash Flow

Cash Flow (£million)	52 weeks to 30 April 2023	52 weeks to 1 May 2022
Adjusted EBITDA[1]	**201.4**	**162.2**
Share-based payments	3.5	1.7
Working capital	(22.5)	(29.8)
Pension contributions	(0.7)	(0.7)
Tax	(26.6)	(15.6)
Cash generated from operating activities	**155.1**	**117.8**
Maintenance capex	(4.6)	(3.0)
Interest	(4.7)	(2.7)
Free cash flow[1]	**145.8**	**112.1**
Free cash flow conversion[1]	**72.4%**	**69.1%**
Expansionary capex	(67.5)	(41.0)
Acquisitions	(24.9)	(44.1)
Purchase of own shares	(21.3)	-
Exceptional items – legal expenses on business acquisitions	(0.9)	(0.5)
Cash flow	**31.2**	**26.5**

Free cash flow increased by £33.7 million to £145.8 million in the year to 30 April 2023 and free cash flow conversion was 72.4% compared to 69.1% in the prior year.

Strong cash flow from trading (Adjusted EBITDA increased by £39.2 million), was offset by a £22.5 million adverse working capital movement, driven by the inventory increase in the year as noted above.

Tax cash payments increased to £26.6 million in line with the higher profit generated in the year.

Expansionary capex of £67.5 million (after taking into account the associated creditors movement) was higher than the prior year due to an increase in new showroom openings and refurbishments.

£21.3 million of own shares were purchased in the year to satisfy ongoing employee share incentive schemes.

Return on Capital Employed (ROCE)[1]

	52 weeks to 30 April 2023	52 weeks to 1 May 2022
ROCE[1]	27.9%	27.4%

FY23 ROCE is 27.9%, an increase of 50 bps in comparison to the prior year. This is as a consequence of Adjusted EBIT increasing by +27%, compared to the increase in average capital employed of 24%.

Showroom portfolio

As at the 30 April 2023, the Group had 193 showrooms, the movement in showroom numbers is included below:

	UK multi-brand showrooms	UK mono-brand boutiques	Europe mono-brand boutiques	Total UK and Europe	US multi-brand showrooms	US mono-brand boutiques	Total US	Total Group
1 May 2022	93	38	-	131	23	17	40	**171**
Openings	1	14	6	21	-	6	6	**27**
Acquisitions	-	-	-	-	1	-	1	**1**
Closures	(5)	(1)	-	(6)	-	-	-	**(6)**
30 April 2023	**89**	**51**	**6**	**146**	**24**	**23**	**47**	**193**

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[1] This is an Alternative Performance Measure and is shown on a pre-IFRS 16 basis. Refer to the Glossary for definition, purpose and reconciliation to statutory measures where relevant.
[2] Refer to the Glossary for definition.
[3] Ecommerce sales are sales which are transacted online.
Certain financial data within this announcement has been rounded. Growth rates are calculated on unrounded numbers.

Principal and emerging risks and uncertainties

The Group is exposed to a number of risks and uncertainties in its business which could impact its ability to effectively execute its strategy and cause actual results to differ materially from expected and/or historical results. The Board has undertaken a robust assessment of the principal and emerging risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The risks presented in the 2022 Annual Report and Accounts, described as follows, remain unchanged: Business strategy execution and development; Key suppliers and supply chain; Client experience and market risks; Colleague talent and capability; Business interruption; Data protection and cyber security; Regulatory and compliance; Economic and political; Brand and reputational damage; Financial and treasury; and Climate change. These are detailed on pages 160 to 165 of the 2022 Annual Report, a copy of which is available on the Watches of Switzerland Group PLC (the 'Company') website at www.thewosgroupplc.com.

A full disclosure of the Group's principal risks and emerging risks and uncertainties, including the factors which mitigate them, will be set out within the Strategic Report of the 2023 Annual Report and Accounts.

Disclaimer

This announcement has been prepared by Watches of Switzerland Group PLC (the 'Company'). It includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this announcement and the information incorporated by reference into this announcement and may include statements regarding the intentions, beliefs or current expectations of the Company Directors or the Group concerning, amongst other things: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy and future prospects; (ii) business and management strategies, the expansion and growth of the Group's business operations; and (iii) the effects of government regulation and industry changes on the business of the Company or the Group.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement and/or the information incorporated by reference into this presentation.

Any forward-looking statements made by or on behalf of the Company or the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this announcement, and are subject to risks relating to future events, other risks, uncertainties and assumptions relating to the Company's operations and growth strategy, and a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Undue reliance should not be placed on any forward-looking statements.

Before making any investment decision in relation to the Company you should specifically consider the factors identified in this document, in addition to the risk factors that may affect the Company or the Group's operations as detailed above.

Watches of Switzerland Group PLC
Preliminary results
For the 52 week period ended 30 April 2023

Registered number: 11838443

Watches of Switzerland Group PLC
Consolidated Income Statement

	Note	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Revenue	2,3	**1,542.8**	**1,238.0**
Cost of sales		(1,324.1)	(1,056.7)
Gross profit		**218.7**	**181.3**
Administrative expenses		(39.9)	(37.6)
Exceptional administrative expenses	4	(0.9)	(2.0)
Exceptional reversal of impairment of assets	4	0.7	0.4
Operating profit		**178.6**	**142.1**
Finance costs		(24.0)	(16.0)
Finance income		0.9	0.1
Exceptional finance costs	4	(0.7)	-
Net finance cost		**(23.8)**	**(15.9)**
Profit before taxation		**154.8**	**126.2**
Taxation	5	(33.0)	(25.2)
Profit for the financial period		**121.8**	**101.0**
Earnings per share			
Basic	6	**51.2p**	**42.2p**
Diluted	6	**50.9p**	**42.0p**

Watches of Switzerland Group PLC
Consolidated Statement of Comprehensive Income

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Profit for the financial period	**121.8**	**101.0**
Other comprehensive (expense)/income:		
Items that may be reclassified to profit or loss		
Foreign exchange (loss)/gain on translation of foreign operations excluding deferred tax	(3.1)	11.0
Related current tax movements	0.1	(1.2)
	(3.0)	**9.8**
Items that will not be reclassified to profit or loss		
Actuarial movements on defined benefit pension scheme	0.3	1.4
Related deferred tax movements	(0.1)	(0.2)
	0.2	**1.2**
Other comprehensive (expense)/income for the period	**(2.8)**	**11.0**
Total comprehensive income for the period	**119.0**	**112.0**

The notes are an integral part of these Condensed Consolidated Financial Statements.

Watches of Switzerland Group PLC
Consolidated Balance Sheet

	Note	30 April 2023	1 May 2022
		£m	£m
Assets			
Non-current assets			
Goodwill		182.8	165.1
Intangible assets		17.6	18.1
Property, plant and equipment		154.4	112.5
Right-of-use assets		359.1	293.6
Deferred tax assets		6.2	9.3
Post-employment benefit asset		0.1	-
Trade and other receivables		2.1	2.7
		722.3	**601.3**
Current assets			
Inventories		356.0	302.6
Current tax asset		2.6	0.6
Trade and other receivables		17.7	19.6
Cash and cash equivalents		136.4	105.9
		512.7	**428.7**
Total assets		**1,235.0**	**1,030.0**
Liabilities			
Current liabilities			
Trade and other payables		(218.7)	(200.1)
Current tax liability		(4.9)	(2.0)
Lease liabilities		(47.4)	(46.7)
Provisions		(1.8)	(1.0)
		(272.8)	**(249.8)**
Non-current liabilities			
Trade and other payables		(0.9)	(1.3)
Deferred tax liabilities		(3.0)	(0.4)
Lease liabilities		(363.0)	(293.9)
Borrowings	7	(120.0)	(118.6)
Post-employment benefit obligations		-	(0.6)
Provisions		(6.0)	(4.1)
		(492.9)	**(418.9)**
Total liabilities		**(765.7)**	**(668.7)**
Net assets		**469.3**	**361.3**
Equity			
Share capital		3.0	3.0
Share premium		147.1	147.1
Merger reserve		(2.2)	(2.2)
Other reserves		(18.4)	(6.7)
Retained earnings		337.0	214.3
Foreign exchange reserve		2.8	5.8
Total equity		**469.3**	**361.3**

The prior period balances have been restated, in line with IFRS 3 “Business combinations”, to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. (‘Betteridge’). Further detail is disclosed within note 9.

The notes are an integral part of these Condensed Consolidated Financial Statements.

Watches of Switzerland Group PLC
Consolidated Statement of Changes in Equity

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Foreign exchange reserve £m	Total equity attributable to owners £m
Balance at 2 May 2021	**3.0**	**147.1**	**(2.2)**	**-**	**106.4**	**(4.0)**	**250.3**
Profit for the financial period	-	-	-	-	101.0	-	101.0
Other comprehensive income, net of tax	-	-	-	-	1.2	9.8	11.0
Total comprehensive income	**-**	**-**	**-**	**-**	**102.2**	**9.8**	**112.0**
Purchase of own shares	-	-	-	(6.7)	-	-	(6.7)
Share-based payment charge	-	-	-	-	3.2	-	3.2
Tax on items credited to equity	-	-	-	-	(1.1)	-	(1.1)
Tax on vested shares moved to current tax	-	-	-	-	3.6	-	3.6
Total other transactions	**-**	**-**	**-**	**(6.7)**	**5.7**	**-**	**(1.0)**
Balance at 1 May 2022	**3.0**	**147.1**	**(2.2)**	**(6.7)**	**214.3**	**5.8**	**361.3**
Profit for the financial period	-	-	-	-	121.8	-	121.8
Other comprehensive income, net of tax	-	-	-	-	0.2	(3.0)	(2.8)
Total comprehensive income	**-**	**-**	**-**	**-**	**122.0**	**(3.0)**	**119.0**
Purchase of own shares	-	-	-	(14.5)	-	-	(14.5)
Share-based payment charge	-	-	-	-	3.5	-	3.5
Share-based payments	-	-	-	2.8	(2.8)	-	-
Tax on items credited to equity	-	-	-	-	(0.5)	-	(0.5)
Tax on vested shares moved to current tax	-	-	-	-	0.5	-	0.5
Total other transactions	**-**	**-**	**-**	**(11.7)**	**0.7**	**-**	**(11.0)**
Balance at 30 April 2023	**3.0**	**147.1**	**(2.2)**	**(18.4)**	**337.0**	**2.8**	**469.3**

Watches of Switzerland Group PLC
Consolidated Statement of Cash Flows

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
	£m	£m
Cash flows from operating activities		
Profit for the period	**121.8**	**101.0**
Adjustments for:		
Depreciation of property, plant and equipment	32.3	27.6
Depreciation of right-of-use assets	50.3	40.6
Amortisation of intangible assets	3.2	2.5
Impairment of property, plant and equipment	0.4	-
Reversal of impairment of property, plant and equipment - exceptionals	(0.5)	(0.4)
Reversal of impairment of right-of-use assets - exceptionals	(0.2)	-
Gain on lease disposal	-	(0.1)
Loss on disposal of property, plant and equipment	0.8	1.5
Gain on lease modifications	(1.3)	(0.8)
Share-based payment charge	3.5	3.2
Finance income	(0.9)	(0.1)
Finance costs	24.0	16.0
Exceptional finance costs	0.7	-
Taxation	33.0	25.2
Increase in inventory	(51.5)	(50.6)
Decrease/(increase) in debtors	1.5	(6.4)
Increase in creditors, provisions and pensions	22.1	27.4
Cash generated from operations	**239.2**	**186.6**
Pension scheme contributions	(0.7)	(0.7)
Tax paid	(26.6)	(15.6)
Total net cash generated from operating activities	**211.9**	**170.3**
Cash flows from investing activities		
Purchase of non-current assets:		
Property, plant and equipment additions	(75.0)	(41.0)
Intangible asset additions	(2.7)	(2.2)
Movement on capital expenditure accrual	7.1	(0.8)
Cash outflow from purchase of non-current assets	(70.6)	(44.0)
Acquisition of subsidiaries net of cash acquired	(24.9)	(44.1)
Total net cash outflow from investing activities	**(95.5)**	**(88.1)**
Cash flows from financing activities		
Purchase of own shares	(21.3)	-
Payment of capital element of leases	(42.0)	(40.8)
Payment of interest element of leases	(17.2)	(12.2)
Interest paid	(5.6)	(2.7)
Interest received	0.9	-
Net cash outflow from financing activities	**(85.2)**	**(55.7)**
Net increase in cash and cash equivalents	**31.2**	**26.5**
Cash and cash equivalents at the beginning of the period	105.9	76.1
Exchange (losses)/gains on cash and cash equivalents	(0.7)	3.3
Cash and cash equivalents at the end of period	**136.4**	**105.9**
Comprised of:		
Cash at bank and in hand	120.7	95.4
Cash in transit	15.7	10.5
Cash and cash equivalents at end of period	**136.4**	**105.9**

1. Accounting policies

General information

The Condensed Consolidated Financial Statements, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and related notes, do not constitute full accounts within the meaning of s435 (1) and (2) of the Companies Act 2006. The auditor has reported on the Group's statutory accounts for the 52 week period ended 30 April 2023 and 52 week period ended 1 May 2022, which do not contain any statement under s498 (2) or (3) of the Companies Act 2006 and were unqualified. The statutory accounts for the 52 week period ended 1 May 2022 have been delivered to the Registrar of Companies and the statutory accounts for the 52 week period ended 30 April 2023 will be filed with the Registrar in due course.

This announcement was approved by the Board of Directors on 12 July 2023.

Basis of preparation

Whilst the financial information has been prepared in accordance with the recognition and measurement criteria of UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, this announcement does not itself contain all the disclosures required to comply with UK adopted international accounting standards. The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are the same as those set out in the Group's Annual Financial Statements for the 52 weeks ended 30 April 2023 and 52 weeks ended 1 May 2022. The Group has not adopted early any other standard, interpretation or amendment that has been issued but is not effective.

The Condensed Consolidated Financial Statements have been prepared under the historical cost convention except for pension assets which are measured at fair value.

Going concern

The Directors consider that the Group has, at the time of approving the Condensed Consolidated Financial Statements, adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the consolidated information.

At the balance sheet date, the Group had a total of £170.0 million in available committed facilities, of which £120.0 million was drawn down. Net cash at this date was £16.4 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £171.8 million. The $60.0 million US Asset Backed Loan (ABL) expired in April 2023, and the main UK bank facility of £170.0 million was due to expire in June 2024.

Refinancing

On 9 May 2023 the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date. As a result, the going concern assessment has been carried out using the new £225.0 million facility agreement now in place.

The key covenant tests attached to the Group's facilities are a measure of net debt to EBITDA, and the Fixed Charge Cover Ratio (FCCR) at each April and October. The new £225.0 million facility covenants are in line with those previously used, notably on a pre-IFRS 16 basis and excluding share-based payment costs. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 months Adjusted EBITDA. This ratio must not exceed 3. The FCCR is the ratio of Adjusted EBITDA plus rent to the total finance charge and rent for the 12 months to the reporting date. This ratio must exceed 1.6. At 30 April 2023 the Group comfortably satisfied the covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 October 2024 from the date of this report. These included:

- The budget approved by the Board in May 2023. The budget assumes that the more challenging trading environment of the second half of FY23 will continue into the first half of FY24. Further key assumptions include:
    - A continued strong luxury watch market in the UK, US and Europe
    - Revenue forecast supported by expected luxury watch supply
    - Increased cost base in line with macroeconomic environment and environmental targets

  The budget aligns to the Guidance in this announcement. Under this budget, the Group has significant liquidity and comfortably complies with all covenant tests to 31 October 2024.

- Reverse stress-testing of cash flows during the going concern period was performed. This determined what level of reduced EBITDA and worst case cash flows would result in a breach of the liquidity or covenant tests. The likelihood of this level of reduced EBITDA is considered remote

- Severe but plausible scenarios of:
    - 10% reduction in sales against the budget due to reduced consumer confidence and lower disposable income due to the cost-of-living crisis. This scenario did not include cost mitigations which are given below
    - The realisation of material risks detailed within the Principal Risks and Uncertainties and environmental risks

Under these scenarios the net debt to EBITDA and the FCCR covenants would be complied with. Should trading be worse than the outlined severe but plausible scenarios, the Group has the following mitigating actions within management's control:

- Reduction of marketing spend
- Reduction in the level of stock purchases
- Restructuring of the business with headcount and showroom operations savings
- Redundancies and pay freezes
- Reducing the level of planned capex and potential acquisition spend

As a result of the above analysis, including potential severe but plausible scenarios, the Board believes that the Group is able to adequately manage its financing and principal risks, and that the Group will be able to operate within the level of its facilities and meet the required covenants for the period to 31 October 2024. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the Condensed Consolidated Group Financial Statements.

Climate change

In preparing the Consolidated Condensed Financial Statements, management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 31 October 2024 nor the viability of the Group over the next three years.

New standards, amendments and interpretations

The following standards, amendments and interpretations were applicable for the period beginning 2 May 2022 and were adopted by the Group for the 52-week period ended 30 April 2023. They have not had a significant impact on the Group's profit for the year, equity or disclosures:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The following are new accounting standards and amendments to existing standards that have been published and are applicable for the Group's accounting periods beginning 1 May 2023 onwards, which the Group has adopted early:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1

The following are new accounting standards and amendments to existing standards that have been published and are applicable for the Group's accounting periods beginning 1 May 2023 onwards, which the Group has not adopted early:

- IFRS 17 'Insurance Contracts'
- Definition of Accounting Estimates - Amendments to IAS 8
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

IFRS 17 'Insurance Contracts' applies to the Group in relation to the reinsurance of contracts to Aurum Insurance (Guernsey) Limited. A materiality assessment is taking place, however it is not anticipated that the standard will have a material impact on the Group's Condensed Consolidated Financial Statements.

The adoption of other standards and amendments noted is not expected to have a material impact on the Group's Condensed Consolidated Financial Statements.

Major sources of estimation uncertainty and judgement

The preparation of consolidated financial information requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Actual results may differ from these estimates.

Significant estimates

Estimates and underlying assumptions are reviewed by management on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future period affected.

The areas involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

Post-employment benefit obligations

The Group's accounting policy for the defined benefit pension scheme requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For the defined benefit scheme, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, life expectancy and expected remaining periods of service of employees and the determination of the pension cost and defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of these assumptions. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value, on a weighted average cost basis. Provisions are recognised where the net realisable value is assessed to be lower than cost. The calculation of this provision requires estimation of the eventual sales price and sell-through of goods to customers in the future. A 20% reduction in the showroom sell-through of slow moving stock would impact the net realisable value by c.£3.4m.

Impairment of property, plant and equipment and right-of-use assets
Property, plant and equipment and right-of-use assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. For the impairment test, the value-in-use method requires the Group to determine appropriate assumptions (which are sources of estimation uncertainty) in relation to the cash flow projections over the strategic plan period, the long-term growth rate to be applied beyond this period and the risk-adjusted pre-tax discount rate used to discount those cash flows. The key assumptions relate to sales growth rates and discount rates used to discount the cash flows. Climate risk and near-term environmental actions that the Group is taking have been considered in future cash flows used in the impairment review. This includes unavoidable future costs such as price increases, together with the cost of mitigating climate risks, and consideration of quantified climate-related risks on future cash flows. Showroom related property, plant and equipment and right-of-use assets are tested for impairment at a showroom-by-showroom level, including an allocation of overheads related to showroom operations.

Significant judgements
The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Condensed Consolidated Financial Statements:

Classification of exceptional items and presentation of non-GAAP measures
The Directors exercise their judgement in the classification of certain items as exceptional and outside the Group's underlying results. The determination of whether an item should be separately disclosed as an exceptional item, non-underlying or non-trading requires judgement on its materiality, nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance. In exercising this judgement, the Directors take appropriate regard of IAS 1 'Presentation of financial statements' as well as guidance from the Financial Reporting Council and the European Securities Market Authority on the reporting of exceptional items and APMs. The overall goal of the Directors is to present the Group's underlying performance without distortion from one-off or non-trading events regardless of whether they are favourable or unfavourable to the underlying result. Further details on exceptional items are provided in note 4.

Lease term (IFRS 16)
IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option.

Where a lease includes the option for the Group to terminate the lease before the term end, the Group makes a judgement as to whether it is reasonably certain that the option will or will not be taken.

On entering into a lease, the Group assesses how reasonably certain it is to exercise these options. The default position is that the Group will determine that the lease term is to the end of the lease (i.e. will not include break-clauses or options to extend) unless there is clear evidence to the contrary.

The lease term of each lease is reassessed if there is specific evidence of a change in circumstance such as:
- A decision has been made by the business to exercise a break or option
- The trading performance significantly changes
- Planned future capital expenditure suggests that the option to extend will be taken

Discount rates (IFRS 16)
The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. Management uses the rate implicit in the lease in relation to the Group's 'Other' leases and the lessee's incremental borrowing rate for all property leases.

Incremental borrowing rates are determined on entering a lease and depend on the term, country, currency and start date of the lease. The incremental borrowing rate used is calculated based on a series of inputs including:
- The risk-free rate based on country specific swap markets
- A credit risk adjustment based on country specific corporate indices; and
- A Group specific adjustment to reflect the Group's specific borrowing conditions

As a result, reflecting the breadth of the Group's lease portfolio, judgements on the lease terms and the international spread of the portfolio, there are a large number of discount rates applied to the leases within the range of 2.1% to 7.4%.

Substantive substitution rights (IFRS 16)
The Group has applied judgement to three (2022: three) contractual agreements and has judged that they do not meet the definition of a lease under IFRS 16. In these cases, the Group has judged that the lessor has a substantive right to substitute the asset and as such, there is no asset identified within the contract. The Group judges that the lessor has the practical ability to substitute; the Group cannot prevent the lessor from proposing the substitution; and the costs of substitution are assessed to be low.

If substituted, the lessor is able to give 14 days' written notice to the Group indicating that the sales area will be changed and the costs incurred to move the sales area would be low to the lessor. As a result, the Group has deemed that the lessor has a substantive right to substitute the asset and as such there is no asset identified within the contract. Given this, the Group does not recognise lease liabilities or right-of-use assets in relation to these leases and continues to account for these on a straight-line basis.

Other areas of estimation and judgement include estimation around expected supplier incentives receivable from third parties. Estimates are based on underlying and forecast sales data to anticipate the level of incentive receivable based on targets to be met in the future. Sensitivities to the assumptions for this are not expected to result in a material change in the carrying amount. The amount recognised as a receivable is reviewed regularly and updated to reflect management's latest best estimate.

2. Segment reporting

The key Group performance measures are Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA) and Adjusted Earnings Before Interest and Tax (Adjusted EBIT), both shown pre-exceptional items, as detailed below. The segment reporting is disclosed on a pre-IFRS 16 basis reflecting how results are reported to the Chief Operating Decision Makers (CODMs) and how they are measured for the purposes of covenant testing. Both Adjusted EBITDA and Adjusted EBIT are APMs and these measures provide stakeholders with additional useful information to assess the year-on-year trading performance of the Group but should not be considered in isolation of statutory measures.

Adjusted EBITDA represents profit for the period before finance costs, finance income, taxation, depreciation, amortisation, exceptional items presented in the Group's Consolidated Income Statement (consisting of exceptional administrative expenses, exceptional finance costs and exceptional impairment) on a pre-IFRS 16 basis. UK and Europe operating segments are aggregated into one reporting segment, which is reflective of the management structure in place.

	52 week period ended 30 April 2023			
	UK and Europe	US	Corporate	**Total**
	£m	£m	£m	**£m**
Revenue	**889.9**	**652.9**	**-**	**1,542.8**
Net margin	330.0	246.3	-	**576.3**
Less:				
Showroom costs	(153.6)	(125.6)	-	**(279.2)**
Overheads	(47.8)	(30.9)	(5.4)	**(84.1)**
Showroom opening and closing costs	(7.3)	(3.4)	(0.9)	**(11.6)**
Adjusted EBITDA	**121.3**	**86.4**	**(6.3)**	**201.4**
Depreciation, amortisation, impairment and loss on disposal of assets	(23.2)	(13.1)	-	**(36.3)**
Segment profit/(loss)*	**98.1**	**73.3**	**(6.3)**	**165.1**
Impact of IFRS 16 (excluding interest on leases)				**13.7**
Net finance costs				**(23.1)**
Exceptional finance costs (note 4)				**(0.7)**
Exceptional reversal of impairment of assets (note 4)				**0.7**
Exceptional administrative costs (note 4)				**(0.9)**
Profit before taxation for the financial period				**154.8**

	52 week period ended 1 May 2022			
	UK and Europe	US	Corporate	**Total**
	£m	£m	£m	**£m**
Revenue	**809.6**	**428.4**	**-**	**1,238.0**
Net margin	306.8	163.8	-	**470.6**
Less:				
Showroom costs	(145.3)	(81.4)	-	**(226.7)**
Overheads	(41.7)	(22.6)	(9.0)	**(73.3)**
Showroom opening and closing costs	(5.3)	(3.1)	-	**(8.4)**
Adjusted EBITDA	**114.5**	**56.7**	**(9.0)**	**162.2**
Depreciation, amortisation, impairment and loss on disposal of assets	(23.2)	(8.7)	-	**(31.9)**
Segment profit/(loss)*	**91.3**	**48.0**	**(9.0)**	**130.3**
Impact of IFRS 16 (excluding interest on leases)				**13.4**
Net finance costs				**(15.9)**
Exceptional reversal of impairment of assets (note 4)				**0.4**
Exceptional administrative costs (note 4)				**(2.0)**
Profit before taxation for the financial period				**126.2**

* Segment profit/(loss) is defined as being Earnings Before Interest, Tax, exceptional items and IFRS 16 adjustments (Adjusted EBIT). The segment reporting comparative has been updated to show the new UK and Europe segment.

Entity-wide revenue disclosures

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
	£m	£m
UK and Europe		
Luxury watches	749.6	663.9
Luxury jewellery	67.8	72.4
Other/services	72.5	73.3
Total	**889.9**	**809.6**
US		
Luxury watches	586.5	382.6
Luxury jewellery	51.4	36.4
Other/services	15.0	9.4
Total	**652.9**	**428.4**
Group		
Luxury watches	1,336.1	1,046.5
Luxury jewellery	119.2	108.8
Other/services	87.5	82.7
Total	**1,542.8**	**1,238.0**

'Other/services' consists of the sale of fashion and classic watches and jewellery, the sale of gifts, servicing, repairs and product insurance.

Information regarding geographical areas, including revenue from external customers, is disclosed above.

No single customer accounted for more than 10% of revenue in any of the financial periods noted above.

Entity-wide non-current asset disclosures

	30 April 2023	1 May 2022
	£m	£m
UK and Europe		
Goodwill	121.6	121.6
Intangible assets	5.0	4.8
Property, plant and equipment	100.2	68.7
Right-of-use assets	244.0	191.0
Total	**470.8**	**386.1**
US		
Goodwill	61.2	43.5
Intangible assets	12.6	13.3
Property, plant and equipment	54.2	43.8
Right-of-use assets	115.1	102.6
Total	**243.1**	**203.2**
Group		
Goodwill	182.8	162.7
Intangible assets	17.6	18.1
Property, plant and equipment	154.4	112.5
Right-of-use assets	359.1	293.6
Total	**713.9**	**586.9**

The prior period balances have been restated, in line with IFRS 3 'Business combinations', to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge'). Further detail is disclosed within note 9.

3. Revenue

The Group's disaggregated revenue recognised under contracts with customers relates to the following categories and operating segments:

	52 week period ended 30 April 2023		
	Sale of goods	Rendering of services	Total
	£m	£m	£m
UK and Europe	855.4	34.5	889.9
US	641.2	11.7	652.9
Total	**1,496.6**	**46.2**	**1,542.8**

	52 week period ended 1 May 2022		
	Sale of goods	Rendering of services	Total
	£m	£m	£m
UK and Europe	777.5	32.1	809.6
US	420.1	8.3	428.4
Total	**1,197.6**	**40.4**	**1,238.0**

4. Exceptional items

Exceptional items are those that in the judgement of the Directors need to be separately disclosed by virtue of their size, nature or incidence, in order to draw the attention of the reader and to show the underlying business performance of the Group. Such items are included within the Income Statement caption to which they relate and are separately disclosed on the face of the Consolidated Income Statement.

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
	£m	£m
Exceptional impairment of assets		
Reversal of impairment of property, plant and equipment (i)	0.5	0.4
Reversal of impairment of right-of-use assets (i)	0.2	-
Total exceptional reversal of impairment of assets	**0.7**	**0.4**
Exceptional administrative expenses		
Professional and legal expenses on business combinations (ii)	(0.9)	(0.5)
Exceptional items for IPO		
Share-based payment in respect of the Chief Executive Officer *(iii)*	-	(1.5)
Total exceptional administrative costs	**(0.9)**	**(2.0)**
Exceptional finance costs		
Amortisation of capitalised transaction costs*(iv)*	(0.7)	-
Total exceptional items	**(0.9)**	**(1.6)**

(i) Reversal of impairment of property, plant and equipment and right-of-use assets

During FY23 the estimated 'value-in-use' recoverable amounts were reassessed taking into account FY23 performance and the latest discounted cash flow for each showroom. As a result of improved trading of showrooms previously impaired through exceptional items, an impairment reversal of £0.7m has been made at the year end.

(ii) Professional and legal expenses on business combinations

Professional and legal expenses on business combinations completed during the periods have been expensed to the Consolidated Income Statement as an exceptional cost as they are regarded as non-trading, non-underlying costs and are considered to be material by nature.

(iii) Exceptional items for IPO

Prior to the IPO on 31 May 2019, the CEO was granted a one-off share option award by the principal selling shareholder, over a portion of their shareholding, in recognition of his contribution to the Company up to Admission and to ensure ongoing incentivisation and retention in his role following the IPO.

(iv) Amortisation of capitalised transaction costs

On 9 May 2023 the Group entered into a new financing arrangement by way of a £225.0 million multicurrency revolving loan facility. On this date the existing £120.0 million UK Term Loan and UK RCF of £50.0 million were extinguished. The capitalised transaction fees in relation to the existing facilities have been accelerated through exceptional items.

All of these items are considered exceptional as they are linked to unique non-recurring events and do not form part of the underlying trading of the Group.

5. Taxation

The tax charge for the period is shown below. Tax is made up of current and deferred tax. Current tax is the amount payable on the taxable income in the period and any adjustments to tax payable in previous periods.

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
	£m	£m
Current tax:		
Current UK tax on profits for the period	13.0	14.2
Current US tax on profits for the period	16.5	7.0
Adjustments in respect of prior periods – UK	(1.8)	(0.4)
Adjustments in respect of prior periods – US	0.2	0.2
Total current tax	**27.9**	**21.0**
Deferred tax:		
Origination and reversal of temporary differences	5.7	5.8
Impact of change in tax rate	(0.5)	(1.5)
Adjustments in respect of prior periods	(0.1)	(0.1)
Total deferred tax	**5.1**	**4.2**
Tax expense reported in the Income Statement	**33.0**	**25.2**

The tax rate for the current period varied from the standard rate of corporation tax in the UK due to the following factors:

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
	£m	£m
Profit before taxation	154.8	126.2
Notional taxation at standard UK corporation tax rate of 19.5% (2022: 19%)	30.2	24.0
Non-deductible expenses	1.4	1.3
Super-deduction on fixed assets	(1.9)	(0.7)
Overseas tax differentials	4.6	2.4
Current/deferred tax rate difference on current year movements*	0.9	-
Adjustments due to deferred tax rate change**	(0.5)	(1.5)
Adjustments in respect of prior periods	(1.7)	(0.3)
Tax expense reported in the Income Statement	**33.0**	**25.2**

* This relates to an increase in the current year deferred tax movement as compared to the estimate included in FY22.
** The deferred tax rate change arose due to the blended US state tax increasing in FY23 (to 7.0% from 4.3%). In FY22 the difference arose due to the increase in the UK rate of corporation tax (to 25% from 19%).

6. Earnings Per Share (EPS)

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
Basic		
EPS	**51.2p**	**42.2p**
EPS adjusted for exceptional items	51.5p	42.6p
EPS adjusted for exceptional items and pre-IFRS 16	52.7p	41.8p
Diluted		
EPS	**50.9p**	**42.0p**
EPS adjusted for exceptional items	51.2p	42.4p
EPS adjusted for exceptional items and pre-IFRS 16	52.3p	41.6p

Basic EPS is based on the profit for the year attributable to the equity holders of the Parent Company divided by the weighted average number of shares.

Diluted EPS is calculated by adjusting the weighted average number of shares used for the calculation of basic EPS as increased by the dilutive effect of potential ordinary shares.

The following table reflects the profit and share data used in the basic and diluted EPS calculations:

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
	£m	£m
Profit after tax attributable to equity holders of the Parent Company	121.8	101.0
Add back:		
Exceptional reversal of impairment of assets, net of tax	(0.6)	(0.4)
Exceptional administrative expenses, net of tax	0.7	1.5
Exceptional finance costs, net of tax	0.6	-
Profit adjusted for exceptional items	**122.5**	**102.1**
Pre-exceptional IFRS 16 adjustments, net of tax	2.7	(2.0)
Profit adjusted for exceptional items and IFRS 16	**125.2**	**100.1**

The following table reflects the share data used in the basic and diluted EPS calculations:

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
Weighted average number of shares:	‘000	‘000
Weighted average number of ordinary shares in issue	237,641	239,483
Weighted average shares for basic EPS	**237,641**	**239,483**
Weighted average dilutive potential shares	1,713	1,119
Weighted average shares for diluted EPS	**239,354**	**240,602**

The weighted average number of shares takes into account the weighted average effect of changes in own shares during the period.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these Condensed Consolidated Financial Statements.

7. Borrowings

	30 April 2023	1 May 2022
	£m	£m
Non-current		
Term Loan	(120.0)	(120.0)
Associated capitalised transaction costs	-	1.4
Total borrowings	**(120.0)**	**(118.6)**

Analysis of net debt

	1 May 2022	Cash flow	Non-cash changes[1]	Foreign exchange	**30 April 2023**
	£m	£m	£m	£m	**£m**
Cash and cash equivalents	105.9	31.2	-	(0.7)	136.4
Term Loan	(120.0)	-	-	-	(120.0)
Net debt excluding capitalised transaction costs (pre-IFRS 16)	**(14.1)**	**31.2**	**-**	**(0.7)**	**16.4**
Capitalised transaction costs	1.4	-	(1.4)	-	-
Net debt (pre-IFRS 16)	**(12.7)**	**31.2**	**(1.4)**	**(0.7)**	**16.4**
Lease liabilities	(340.6)	59.2	(130.1)	1.1	(410.4)
Total net debt	**(353.3)**	**90.4**	**(131.5)**	**0.4**	**(394.0)**

[1]Non-cash charges are principally a release of capitalised finance costs and lease liability interest charges, additions and revisions.

Cash and cash equivalents consist of cash at bank and in hand of £120.7m (2022: £95.4m) and cash in transit of £15.7m (2022: £10.5m).

On 9 May 2023 the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date.

The key covenant tests attached to the Group's facilities are a measure of net debt to EBITDA and the Fixed Charge Cover Ratio (FCCR) at each April and October. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 months Adjusted EBITDA. This ratio must not exceed 3. The FCCR is the ratio of Adjusted EBITDA plus rent to the total finance charge and rent for the 12 months to the reporting date. This ratio must exceed 1.6. The covenant tests at October 2022 and April 2023 were fully met.

8. Financial instruments

Categories

	30 April 2023	1 May 2022
	£m	£m
Financial assets – held at amortised cost		
Trade and other receivables*	13.9	16.6
Cash and cash equivalents	136.4	105.9
Total financial assets	**150.3**	**122.5**
Financial liabilities – held at amortised cost		
Interest-bearing loans and borrowings:		
Term Loan (net of capitalised transaction costs)	(120.0)	(118.6)
Trade and other payables**	(193.8)	(174.3)
	(313.8)	**(292.9)**
Lease liability (IFRS 16)	(410.4)	(340.6)
Total financial liabilities	**(724.2)**	**(633.5)**

*Excludes prepayments of £5.9m (2022: £5.7m) that do not meet the definition of a financial instrument.
**Trade payables excludes customer deposits of £7.9m (2022: £12.4m) and deferred income of £17.9m (2022: £14.7m) that do not meet the definition of a financial instrument.

Fair values

At 30 April 2023, the fair values of each category of the Group's financial instruments are materially the same as their carrying values in the Group's Balance Sheet based on either their short maturity or, in respect of long-term borrowings, interest being incurred at a floating rate.

9. Business combinations

Bernie Robbins Jewelers, Inc.

On 22 June 2022, the Group acquired the trade and assets of one showroom from Bernie Robbins Jewelers, Inc. for a cash consideration of £21.2 million. Goodwill recognised relates to future cash flows from the showroom, and the acquisition further advances the US expansion strategy.

The business contributed revenue of £10.5m from the 22 June 2022 acquisition date to 30 April 2023.

The following table summarises the consideration paid for the acquisition, and the provisional fair value of assets acquired at the acquisition date:

	£m
Total cash consideration	**21.2**

	Initial assessment of values on acquisition
	£m
Inventories	**3.1**
Trade and other payables	**(0.1)**
Right-of-use assets	**1.9**
Lease liabilities	**(1.9)**
Total identifiable net assets	**3.0**
Goodwill	**18.2**
Total assets acquired	**21.2**

An amount of £0.7 million is held with a third-party on retention. This will be paid by the Group within 12 months of the acquisition date. The values stated above are the initial assessment of the fair values of assets and liabilities on acquisition. These will be finalised in H1 FY24.

The contribution to revenue and profit before tax, if this business combination had occurred on the first day of the period, and since the acquisition date, is not material to the results of the Group and therefore has not been disclosed separately.

Acquisition-related costs have been charged to exceptional items in the Consolidated Income Statement for the 52-week period ended 30 April 2023, as disclosed in note 4.

Acquisitions completed in the 52-week period to 1 May 2022

During the prior period the Group acquired the trade and assets of a number of showrooms in the US. On 2 September 2021, the Group acquired the trade and assets of one showroom from Ben Bridge Jeweler Inc. ('Ben Bridge'). On 15 October 2021, the Group acquired the trade and assets of one showroom from Timeless Watch Exchange LLC. ('Timeless'). On 1 December 2021, the Group acquired the trade and assets of three showrooms from Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge').

	Ben Bridge and Timeless £m	Betteridge £m	Total £m
Total cash consideration	**9.2**	**39.1**	**48.3**
	Final assessment of values on acquisition		
Inventories	3.3	13.0	16.3
Property, plant and equipment	0.3	2.5	2.8
Trade and other receivables	-	2.9	2.9
Trade and other payables	(0.2)	(2.4)	(2.6)
Right-of-use assets	1.7	5.4	7.1
Lease liabilities	(1.7)	(5.4)	(7.1)
Total identifiable net assets	**3.4**	**16.0**	**19.4**
Brand	-	2.2	2.2
Goodwill	5.8	20.9	26.7
Total assets acquired	**9.2**	**39.1**	**48.3**

In the prior 52-week period ended 1 May 2022, the businesses contributed revenue of £32.5m from the date of acquisition to 1 May 2022 and contributed a net profit of £5.7m. If the combinations had taken place at the beginning of FY22, the Group's revenue from continuing operations would have been £1,285.0m and the profit before tax would have been £133.7m.

During the 52-week period to 30 April 2023, the fair value of assessment of the above entities was completed. The net impact was a reduction in inventory and deferred tax asset, with the corresponding entry to the goodwill balance. All adjustments are not material at an individual line level. The assessment of values on acquisition is now final, and consideration held on retention at the end of the prior period has been settled.

10. Contingent Liabilities

There are a number of contingent liabilities that arise in the normal course of business, which if realised, are not expected to result in a material liability to the Group.

11. Post-balance sheet events

On 9 May 2023 the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date. Further detail can be found in note 7.

No further post-balance sheet events have been identified.

GLOSSARY

ALTERNATIVE PERFORMANCE MEASURES

The Directors use Alternative Performance Measures (APMs) as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measures.

The majority of the Group's APMs are on a pre-IFRS 16 basis. This aligns with the management reporting used to inform business decisions, investment appraisals, incentive schemes and banking covenants.

4-Wall EBITDA

Net margin less showroom costs.

Why used

4-Wall EBITDA is a direct measure of profitability of the showroom operations.

Reconciliation to IFRS measures

£million	FY23	FY22
Revenue	**1,542.8**	1,238.0
Cost of inventory expensed	**(972.2)**	(774.4)
Other inc. supplier incentives	**5.7**	7.0
Net margin	**576.3**	**470.6**
Showroom costs	**(279.2)**	(226.7)
4-Wall EBITDA	**297.1**	**243.9**

Showroom costs includes rental costs on a pre-IFRS 16 basis (i.e. under IAS 17). Refer to the IFRS 16 reconciliations below for further details.

Adjusted Earnings Before Interest and Tax (Adjusted EBIT)

Operating profit before exceptional items and IFRS 16 impact.

Why used

Measure of profitability that excludes one-off exceptional costs and IFRS 16 adjustments to allow for comparability between years.

This measure was linked to management incentives in the financial year.

Reconciliation to IFRS measures

Reconciled in note 2 to the Condensed Consolidated Financial Statements.

Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA)

EBITDA before exceptional items presented in the Group's Consolidated Income Statement. Shown on a continuing basis and before the impact of IFRS 16.

Why used

Measure of profitability that excludes one-off exceptional and non-underlying items and IFRS 16 adjustments to allow for comparability between years.

Reconciliation to IFRS measures

Reconciled in note 2 of the Condensed Consolidated Financial Statements.

Adjusted earnings per share (Adjusted EPS)

Basic Earnings Per Share before exceptional items and IFRS 16 impact.

Why used

Measure of profitability that excludes one-off exceptional items and IFRS 16 adjustments to provide comparability between years. This measure was linked to management incentives in the financial year.

Reconciliation to IFRS measures

Reconciled within note 6 of the Condensed Consolidated Financial Statements.

Adjusted profit before tax (Adjusted PBT)
Profit before tax before exceptional items and IFRS 16 impact.

Why used

Measure of profitability that excludes one-off exceptional items and IFRS 16 adjustments to provide comparability between years.

Reconciliation to IFRS measure

£million	FY23	FY22
Segment profit (as reconciled in note 2 of the Financial Statements)	**165.1**	**130.3**
Net finance costs	**(23.1)**	**(15.9)**
IFRS 16 lease interest	**17.2**	**12.2**
Adjusted profit before tax	**159.2**	**126.6**

Average selling price (ASP)
Revenue (including sales related taxes) generated in a period from sales of a product category divided by the total number of units of such products sold in such period.

Why used
Measure of sales performance.

Reconciliation to IFRS measures
Not applicable.

Constant currency basis
Results for the period had the exchange rates remained constant from the comparative period.

Why used
Measure of revenue growth that excludes the impact of foreign exchange.

Reconciliation

	(£/$ million)
FY23 Group Revenue (£)	1,542.8
FY23 US Revenue ($)	785.4
FY23 US Revenue (£) @ FY23 Exchange rate	652.9
FY23 US Revenue (£) @ FY22 Exchange rate	581.4
FY23 Group Revenue (£) at Constant currency	**1,471.3**
FY23 Exchange rate	£1 : $1.203
FY22 Exchange rate	£1 : $1.351

Exceptional items
Items that in the judgement of the Directors need to be disclosed by virtue of their size, nature or incidence, in order to draw the attention of the reader and to show the underlying business performance of the Group.

Why used
Draws the attention of the reader and to show the items that are significant by virtue of their size, nature or incidence.

Reconciliation to IFRS measures
Disclosed in note 4 of the Group's Condensed Consolidated Financial Statements.

Net (debt)/cash

Total borrowings (excluding capitalised transaction costs) less cash and cash equivalents and excludes IFRS 16 lease liabilities.

Why used
Measures the Group's indebtedness.

Reconciliation to IFRS measures
Reconciled in note 7 the Condensed Consolidated Financial Statements.

Free cash flow

Cash flow shown on a pre-IFRS 16 basis excluding expansionary capex, acquisitions of subsidiaries, exceptional items and financing activities.

Why used
Represents the cash generated from operations including maintenance of capital assets. Demonstrates the amount of available cash flow for discretionary activities such as expansionary capex, dividends or acquisitions.

Reconciliation to IFRS measures

£million	**FY23**	**FY22**
Net increase in cash and cash equivalents	**31.2**	26.5
Net financing cash flow	**85.2**	55.7
Net interest paid	**(4.7)**	(2.7)
Lease payments (IFRS 16)	**(59.2)**	(53.0)
Acquisition of business combinations	**24.9**	44.1
Exceptional costs – legal expenses on business acquisitions	**0.9**	0.5
Expansionary capex	**67.5**	41.0
Free cash flow	**145.8**	**112.1**

Free cash flow conversion

Free cash flow divided by Adjusted EBITDA.

Why used
Measurement of the Group's ability to convert profit into free cash flow.

Reconciliation to IFRS measures
Free cash flow of £145.8 million divided by Adjusted EBITDA of £201.4 million shown as a percentage.

Net margin

Revenue less inventory recognised as an expense, commissions paid to the providers of interest-free credit and inventory provision movements.

Why used
Measures the profit made from the sale of inventory before showroom or overhead costs.

Reconciliation to IFRS measures
Refer to 4-Wall EBITDA.

Return on Capital Employed (ROCE)

Return on Capital Employed (ROCE) is defined as Adjusted EBIT divided by average capital employed, calculated on a Last Twelve Months (LTM) basis. Average capital employed is total assets less current liabilities excluding IFRS 16 lease liabilities.

Why used

ROCE demonstrates the efficiency with which the Group utilises capital. This measure was linked to management incentives in the financial year.

Reconciliation to IFRS measures

Adjusted EBIT of £165.1m divided by the average capital employed, which is calculated as follows:

£million	**FY23**	**FY22**
Pre-IFRS 16 total assets	882.6	741.3
Pre-IFRS 16 current liabilities	(231.6)	(209.4)
Capital employed	651.0	531.9
Average capital employed	**591.4**	**475.9**

OTHER DEFINITIONS

Expansionary capital expenditure/capex

Expansionary capital expenditure relates to new showrooms, offices, relocations or refurbishments greater than £250,000.

Luxury watches

Watches that have Recommended Retail Price greater than £1,000.

Luxury jewellery

Jewellery that has a Recommended Retail Price greater than £500.

Showroom maintenance capital expenditure/capex

Capital expenditure which is not considered expansionary.

IFRS 16 Adjustments

The following tables reconcile from pre-IFRS 16 balances to statutory post-IFRS 16 balances.

FY23 Consolidated Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	**1,542.8**	**-**	**-**	**1,542.8**
Net margin	**576.3**	**-**	**-**	**576.3**
Showroom costs	(279.2)	56.2	-	(223.0)
4-Wall EBITDA	**297.1**	**56.2**	**-**	**353.3**
Overheads	(84.1)	-	(0.9)	(85.0)
EBITDA	**213.0**	**56.2**	**(0.9)**	**268.3**
Showroom opening and closing costs	(11.6)	7.1	-	(4.5)
Adjusted EBITDA	**201.4**	**63.3**	**(0.9)**	**263.8**
Depreciation, amortisation, loss on disposal, impairment of fixed assets and lease modifications	(36.3)	(49.6)	0.7	(85.2)
Adjusted EBIT (Segment profit)	**165.1**	**13.7**	**(0.2)**	**178.6**
Net finance costs	(5.9)	(17.2)	(0.7)	(23.8)
Adjusted profit before tax	**159.2**	**(3.5)**	**(0.9)**	**154.8**
Adjusted basic Earnings Per Share	**52.7p**	**(1.2)p**	**(0.3)p**	**51.2p**

FY23 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	200.4	-	200.4
Property, plant and equipment	159.9	(5.5)	154.4
IFRS 16 right-of-use assets	-	359.1	359.1
Inventories	356.0	-	356.0
Trade and other receivables	29.4	(9.6)	19.8
Trade and other payables	(259.0)	39.4	(219.6)
IFRS 16 lease liabilities	-	(410.4)	(410.4)
Net cash	16.4	-	16.4
Other	(15.3)	8.5	(6.8)
Net assets	**487.8**	**(18.5)**	**469.3**

FY22 Consolidated Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	**1,238.0**	**-**	**-**	**1,238.0**
Net margin	**470.6**	**-**	**-**	**470.6**
Showroom costs	(226.7)	47.2	-	(179.5)
4-Wall EBITDA	**243.9**	**47.2**	**-**	**291.1**
Overheads	(73.3)	-	(2.0)	(75.3)
EBITDA	**170.6**	**47.2**	**(2.0)**	**215.8**
Showroom opening and closing costs	(8.4)	5.6	-	(2.8)
Adjusted EBITDA	**162.2**	**52.8**	**(2.0)**	**213.0**
Depreciation, amortisation, loss on disposal, impairment of fixed assets and lease modifications	(31.9)	(39.4)	0.4	(70.9)
Adjusted EBIT (Segment profit)	**130.3**	**13.4**	**(1.6)**	**142.1**
Net finance costs	(3.7)	(12.2)	-	(15.9)
Adjusted profit before tax	**126.6**	**1.2**	**(1.6)**	**126.2**
Adjusted basic Earnings Per Share	**41.8p**	**0.8p**	**(0.4)p**	**42.2p**

FY22 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	183.2	-	183.2
Property, plant and equipment	113.8	(1.3)	112.5
IFRS 16 right-of-use assets	-	293.6	293.6
Inventories	302.6	-	302.6
Trade and other receivables	31.1	(8.8)	22.3
Trade and other payables	(232.7)	31.3	(201.4)
IFRS 16 lease liabilities	-	(340.6)	(340.6)
Net debt	(14.1)	-	(14.1)
Other	(7.1)	10.3	3.2
Net assets	**376.8**	**(15.5)**	**361.3**