THE WATCHES OF SWITZERLAND GROUP

Watches of Switzerland Group PLC
Q2 FY22 Trading
for the 13 weeks (Q2 FY22) and 26 weeks (H1 FY22) to 31 October 2021

Better than anticipated first half performance leads to upgrade in full year outlook
US expansion strategy advanced with acquisitions of five stores agreed

Watches of Switzerland Group PLC ("the Group") today provides the following update relating to the 13 and 26 weeks ending 31 October 2021.

Strong performance achieved in H1 FY22, driven by broad-based and margin-enhancing growth in the UK and the US against both last year and two years ago

- Group revenue £586.2 million (H1 FY21: £414.3 million) +44.6% vs H1 FY21 and +40.8% vs H1 FY20 (both in constant currency)
    - Continued strong demand environment for luxury watches and jewellery, with growth in the period led by a significant increase in volumes of non-supply constrained brands
    - Group ecommerce sales +28.7% on last year, despite stores having been fully opened in H1 FY22
- Robust UK performance continues to be generated by a thriving domestic clientele, with revenue £418.6 million +42.3% vs H1 FY21
    - Revenue +31.8% vs H1 FY20 when 33.6% of Group sales were generated by tourists and airports vs negligible tourist and much reduced airport business in H1 FY22
- Strong momentum in the US with revenue £167.6 million, +50.2% vs H1 FY21 and +66.7% vs H1 FY20 (both in constant currency)
- Net cash[1] of £30.0 million as at 31 October 2021 (net debt as at 25 October 2020: £(22.7) million)
- Following a strong sales performance with a margin-accretive product mix and further operating leverage, H1 FY22 Adjusted EBITDA[2] is expected to be £81.0 million to £83.0 million (H1 FY21: £52.2 million)
- As a result of first half performance and acquisition agreements, guidance for the full year has been raised

US expansion strategy further advanced with agreements to purchase five stores in four new states[3]

- Combined annual revenue of approximately $100.0 million; future profitability expected to be in line with the Group's US average
- Stores located in Plano (Dallas), Texas; Vail and Aspen, Colorado; Greenwich, Connecticut; and Minneapolis, Minnesota
- These acquisitions will bring the US store network to 22 multi-brand and 14 mono-brand boutiques to reach a total representation of 36 stores in 12 states

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[1] Net cash/(net debt) is total borrowings (excluding capitalised transaction costs) less cash and cash equivalents. Excludes lease liabilities under IFRS 16.
[2] Unaudited adjusted EBITDA is EBITDA before exceptional items shown on a pre-IFRS 16 basis.
[3] Two stores completed at the end of Q2 FY22 with minimal impact to the Group's H1 FY22 performance; the remaining three stores are expected to complete before the end of Q3 FY22.

Good trading performance in Q2 FY22 against a strong prior year comparable and achieved whilst rebuilding stock on Rolex

- Group revenue £288.7 million (Q2 FY21: £262.7 million), +11.8% in constant currency, +9.9% in reported terms vs Q2 FY21 and +36.2% in constant currency vs Q2 FY20
- Following a period of destocking during Q1 FY22, the Group actively re-built store stock for Rolex in the US and the UK to reach an appropriate level of brand representation
- UK revenue of £196.9 million, +6.0% vs Q2 FY21 and +21.1% vs Q2 FY20, driven by other luxury watches and jewellery
- Strong momentum continues in the US, with revenue of £91.8 million, +25.9% vs Q2 FY21 and +79.6% vs Q2 FY20 (both in constant currency)
- Continued investment in the Group's store estates in the US and the UK:
    - Opening of enhanced Rolex dedicated space within Mayors Aventura, Phase I of the store's refurbishment plan
    - Introduction of first Goldsmiths Luxury concept in two stores (Canterbury and Reading)
    - Refurbishment of a further five stores in the UK
    - Opening of three mono-brand boutiques in Plymouth

Outlook

- The Group has continued to generate strong growth and make further progress on its strategic objectives during the year, with investments yielding positive results and newly announced acquisitions contributing towards Long Range Plan goals
- As a result, the Group today upgrades its guidance for the full year
- Our guidance reflects visibility of supply of key brands. The Group does not expect the return of tourism and airport business to pre-pandemic levels during the year
- The Group's guidance for FY22 on a 52-week, pre-IFRS 16 basis, is as follows:
    - Revenue: £1.15 billion to £1.20 billion (previous guidance £1.05 billion to £1.10 billion)
    - EBITDA and Adjusted EBITDA margin %: +1.0% to +1.5% vs last year (previous guidance flat to +0.5% vs last year)
    - Depreciation, amortisation, impairment and profit/loss on disposal of fixed assets: £30.0 million to £32.0 million (no change vs previous guidance)
    - Total finance costs: £4.0 million to £4.5 million (no change vs previous guidance)
    - Underlying tax rate: 21.0% to 22.5% (no change vs previous guidance)
    - Capex: £45.0 million to £50.0 million (previously £40.0 million to £45.0 million)
    - Net debt: £10.0 million to £20.0 million (previously £20.0 million to £30.0 million)
    - Average USD/GBP full year rate of $1.40 (no change vs previous guidance)
- H1 FY22 Results will be published on 9 December 2021

Brian Duffy, Chief Executive Officer, said:

"We are very pleased with our first half performance. Over the last two years, we have demonstrated the versatility of our multi-channel model with a more than doubling of sales to domestic clients and within this half year, a significant change in brand mix.

"We have enjoyed re-connecting with customers in our stores whilst further elevating the experience by retaining several initiatives and enhancements introduced during the COVID-19 pandemic. We have further expanded the Luxury Watch and Jewellery Virtual boutique in the UK, continued to grow the "By Personal Appointment" business which now accounts for approximately 40.0% of UK sales and continued to enhance CRM, clienteling and digital marketing initiatives. Our teams have been fantastic in embracing all modes of customer engagement, driving growth across all channels throughout this period.

"We continue to build on a growing foundation in the US, further strengthening our position through the agreement to purchase five stores in four new states.

"The strength of our performance, both in our well-established UK business and in our growing US business, coupled with our confidence in the luxury watch and jewellery categories has led us to upgrade our guidance for the full year. We are well stocked for the holiday period and look forward to providing an exceptional shopping experience for our customers. I would also like to take this opportunity to thank my colleagues for their dedication and enthusiasm and to welcome our new colleagues to the business."

H1 FY22 Revenue Performance by Geography

	H1 FY22	H1 FY21	H1 FY22 vs H1 FY21		H1 FY22 vs H1 FY20	
(£m)	26 weeks to 31 Oct 2021	26 weeks to 25 Oct 2020	Reported YoY %	Constant currency YoY %	2-year Reported YoY %	2-year constant currency YoY %
UK	418.6	294.2	42.3%	42.3%	31.8%	31.8%
US	167.6	120.1	39.5%	50.2%	50.9%	66.7%
Group Revenue	**586.2**	**414.3**	**41.5%**	**44.6%**	**36.7%**	**40.8%**

Q2 FY22 Revenue Performance by Geography

	Q2 FY22	Q2 FY21	Q2 FY22 vs Q2 FY21		Q2 FY22 vs Q2 FY20	
(£m)	13 weeks to 31 Oct 2021	13 weeks to 25 Oct 2020	Reported YoY %	Constant currency YoY %	2-year Reported YoY %	2-year constant currency YoY %
UK	196.9	185.9	6.0%	6.0%	21.1%	21.1%
US	91.8	76.8	19.5%	25.9%	62.0%	79.6%
Group Revenue	**288.7**	**262.7**	**9.9%**	**11.8%**	**31.6%**	**36.2%**

Q2 and H1 FY22 Revenue Performance by Category

	Q2			H1		
(£m)	13 weeks to 31 Oct 2021	13 weeks to 25 Oct 2020	Reported YoY %	26 weeks to 31 Oct 2021	26 weeks to 25 Oct 2020	Reported YoY %
Luxury watches	249.6	230.5	8.2%	508.8	362.1	40.5%
Luxury jewellery	20.7	16.4	25.4%	40.8	26.3	53.3%
Other	18.4	15.8	18.3%	36.6	25.9	43.2%
Group Revenue	**288.7**	**262.7**	**9.9%**	**586.2**	**414.3**	**41.5%**

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

Dial-in (UK): 0800 279 7209
Dial-in (all other locations): +44 (0)330 336 9411
Conference access code: 3277581

Contacts
The Watches of Switzerland Group
Anders Romberg, CFO +44 (0) 116 2817 401
Allegra Perry, Investor Relations +44 (0) 20 7317 4600
Caroline Browne, Group Finance Director +44 (0) 116 2817 420
investor.relations@thewosgroup.com

Headland
Lucy Legh / Rob Walker +44 (0) 20 3805 4822
wos@headlandconsultancy.com

About the Watches of Switzerland Group

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

As at 31 October 2021, the Watches of Switzerland Group has 158 stores across the UK and US including 46 dedicated mono-brand stores in these two markets in partnership with Rolex, TAG Heuer, OMEGA, Breitling, Audemars Piguet, Tudor and FOPE) and has a leading presence in Heathrow Airport with representation in Terminals 2, 3, 4 and 5 as well as six transactional websites.

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

Mappin & Webb holds Royal warrants as goldsmiths, silversmiths and jeweller to Her Majesty The Queen and silversmiths to His Royal Highness The Prince of Wales. The Mappin & Webb master jeweller has been Crown Jeweller, custodian of the Crown Jewels of Her Majesty The Queen since 2012.

https://www.thewosgroupplc.com

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain. The person responsible for making this announcement is Anders Romberg, Chief Financial Officer.