7 December 2023

Watches of Switzerland Group PLC
H1 FY24 Results
for the 26 weeks to 29 October 2023 (H1 FY24)

Good H1 performance with continued strong momentum in the US
Full Year guidance unchanged

Brian Duffy, Chief Executive Officer, said:

"Our good first half performance reflects the Group's growing leadership position in our chosen markets as the strength of our longstanding brand partnerships and our proven business model continue to drive our performance forward. We are particularly pleased with performance in the US, where we grew revenue +11% in the period, and the US now comprises 43% of Group revenue. The consumer environment in the UK continues to be more challenging and UK and Europe revenue was -4% in the period, impacted by the timing of product intake in Q1 FY24 and temporary showroom closures for refurbishment.

"We have expanded our retail network at pace in the first half, opening a total of 19 showrooms globally, whilst investing in elevating the luxury experience for our clients through significant refurbishments across seven showrooms. We were also delighted to complete the acquisition of selected luxury showrooms from Ernest Jones in November 2023. Looking ahead into the balance of the financial year, we will integrate the Ernest Jones portfolio and continue to deliver on our exciting pipeline of new projects.

"Demand dynamics remain strong, and our client registration lists continue to grow, whilst the pre-owned market remains a significant opportunity. We are encouraged by the early performance of the Rolex Certified Pre-Owned programme following its launch in the first half in both the US and UK. We will continue to expand the number of showrooms to meet demand for all pre-owned luxury watches and are excited by the growth potential in this category.

"Looking ahead, we are well positioned for a good holiday trading period as we present our clients with our strongest ever range of luxury watches and luxury branded jewellery. We remain on track to deliver full year guidance, with our confidence for H2 underpinned by the reopening of several high revenue showrooms which were closed for upgrade in H1.

"Looking further ahead, we are confident in our Long Range Plan objectives of doubling sales and profit by 2028 through capitalising on our leading market positions and the unique growth opportunities available to us as the world's largest luxury watch retailer."

H1 FY24 Financial Highlights

- Group revenue £761 million (H1 FY23: £765 million), +2% at constant currency, flat at reported rates
    - Continued growth in luxury watches with the reduction in the broader jewellery market reflecting temporary softer consumer sentiment and a repositioning to full price sales in the US
    - Excellent progress with showroom expansion and refurbishment programme
    - Launch of Rolex Certified Pre-Owned in both the US and UK markets with encouraging early performance
    - Group ecommerce sales[1] -3% on last year at constant currency against strong comparatives in the prior year and impacted by the higher proportion of jewellery sales through this channel
- Adjusted EBIT[2] of £73 million ahead of previously guided at £70-72 million (-15% on a reported basis (H1 FY23: £87 million))
    - Adjusted EBIT margin 9.6% (H1 FY23: 11.3%), limited leverage in H1 FY24 alongside headwinds from Interest Free Credit, which annualise in the second half of the year
- Statutory operating profit £78 million (HY FY23: £93 million), -16% on a reported basis
- Expansionary capital expenditure[3] of £48 million (H1 FY23: £27 million) with 19 (H1 FY23: 20) new showrooms opened and seven showrooms refurbished
- Free cashflow[2] of £57 million (H1 FY23: £56 million) with conversion of 60% (H1 FY23: 53%), improvement driven by lower working capital investment, offsetting lower Adjusted EBITDA[2]
- Net cash[2] of £16 million as of 29 October 2023 (30 October 2022: net debt[2] of £26 million)

(£million)	26 weeks ended 29 October 2023	26 weeks ended 30 October 2022	YoY change Reported rates	YoY change Constant currency[2]
Group revenue	**761**	**765**	**0%**	**2%**
UK and Europe	433	454	(4%)	(4%)
US	328	311	5%	11%
Adjusted EBITDA	**94**	**104**	**(10%)**	
Adjusted EBITDA margin	*12.3%*	*13.6%*	*(130bps)*	
Adjusted EBIT	**73**	**87**	**(15%)**	
Adjusted EBIT margin	*9.6%*	*11.3%*	*(170bps)*	
Adjusted basic EPS[2] (p)	21.5	27.8	(23%)	
Statutory operating profit	**78**	**93**	**(16%)**	
Statutory operating margin	*10.2%*	*12.1%*	*(190bps)*	
Statutory basic EPS (p)	19.8	27.2	(27%)	
Statutory profit before tax	**67**	**83**	**(20%)**	
Free cash flow	57	56	2%	
Return On Capital Employed[2]	23.9%	27.6%	(370bps)	
Net cash/(debt)	16	(26)		

H1 FY24 Operating highlights

- Continued strong momentum in the US with revenue of £328 million (H1 FY23: £311 million), +11% at constant currency, +5% at reported rates
  - Sustained growth in core business, reflecting the success of our model and strength of client demand
  - Further investment in showroom network with opening of eight mono-brand boutiques and one new Watches of Switzerland multi-brand showroom, anchored by Rolex at American Dream in New Jersey
  - The first half of FY24 ended with 25 multi-brand showrooms (H1 FY23: 24) and 31 mono-brand boutiques (H1 FY23: 23)

- UK and Europe performance driven by domestic clientele, with revenue of £433 million (H1 FY23: £454 million), -4% vs H1 FY23
  - Q1 FY24 was impacted by the unwinding of the benefit of product intake in Q4 FY23, which meant Q1 FY24 revenue was down -8% vs the prior year. Revenue in Q2 FY24 was flat on prior year, with several high turnover Goldsmiths and Mappin & Webb showrooms closed for upgrade during the period and trading out of pop-ups. These reopened pre-Christmas in the second half of the financial year
  - Investment in seven new UK showroom openings; six mono-brand boutiques and one Goldsmiths multi-brand in Bromley
  - Continued rollout of Goldsmiths Luxury concept most notably in Liverpool with our largest Goldsmiths Luxury showroom to date, and the launch of our first new contemporary showroom concept for Mappin & Webb
  - The first half of FY24 ended with 89 UK multi-brand showrooms (H1 FY23: 91) and 57 UK mono-brand boutiques (H1 FY23: 46)
  - Further European expansion through the opening of three new mono-brand boutiques including our first showroom in Germany, a TAG Heuer boutique in Berlin. This takes the total number of European mono-brand boutiques to nine
- Agreed purchase of luxury watch showrooms from Ernest Jones
  - Acquisition completed in November 2023
  - Multi-brand showrooms already re-branded to Goldsmiths or Mappin & Webb
  - During the balance of the financial year, we will be working on systems, merchandising, training and marketing in order to have the full beneficial impact from this acquisition in FY25
- Xenia, the Group's elevated Client Experience Programme, is now embedded across all showrooms, further enhancing the relationship we have with our clients

- The Watches of Switzerland Group Foundation has now donated £3.5 million to charities since formation and continues to support disadvantaged communities in both the UK and US

Outlook

- FY24 guidance remains unchanged, based on our sequential trading improvement and the large showroom refurbishments reopening pre-Christmas. Our guidance does not reflect any expectation of an improvement in consumer confidence in the remainder of the financial year. Guidance reflects current visibility of supply from key brands and confirmed showroom refurbishments, openings and closures, and excludes uncommitted capital projects and acquisitions.

- The Group has an exciting schedule of new showroom projects for the remainder of FY24, a number of which have completed since the end of Q2
    - Relocation of the Rolex boutique Millenia, Orlando to a showroom three times the previous size (opened November 2023)
    - Continued roll-out of the Goldsmiths Luxury format, including the expansion of the Birmingham Bullring showroom (opened November 2023), and relocation of Trafford Centre Manchester and Metrocentre Newcastle showrooms (December 2023)
    - Further roll-out of the Mappin & Webb contemporary format with refurbishments in Glasgow (opened November 2023) and Bluewater (December 2023)
    - Watches of Switzerland multi-brand showroom at One Vanderbilt, New York due to open early 2024
    - Expansion of the mono-brand portfolio with four boutiques planned across the UK, US and Europe

- Unchanged 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.£5 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:	£26 - £30 million

- 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

H1 FY24 Revenue Performance by Geography

(£m)	H1 FY24 26 weeks to 29 Oct 2023	H1 FY23 26 weeks to 30 Oct 2022	H1 FY24 vs H1 FY23 Reported YoY %	H1 FY24 vs H1 FY23 Constant currency YoY %
UK and Europe	433	454	-4%	-4%
US	328	311	+5%	+11%
Group Revenue	**761**	**765**	**0%**	**+2%**

H1 FY24 Revenue Performance by Category

	H1			
(£m)	26 weeks to 29 Oct 2023	26 weeks to 30 Oct 2022	Reported YoY %	Constant currency YoY %
Luxury watches[3]	670	667	0%	+3%
Luxury jewellery[3]	47	56	-17%	-15%
Services/other	44	42	+6%	+7%
Group Revenue	**761**	**765**	**0%**	**+2%**

H1 FY24 Results Presentation
A webcast conference call for analysts and investors will be held at 9.00am (UK time) today to announce the H1 FY24 results. To join the call, please use the following details:

Webcast link: https://brrmedia.news/WOS_H1FY24
Conference call dial-in: +44 (0) 33 0551 0200

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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 29 October 2023, the Watches of Switzerland Group had 211 showrooms across the UK, US and Europe including 97 dedicated mono-brand boutiques in partnership with Rolex, OMEGA, TAG Heuer, Breitling, TUDOR, Audemars Piguet, Longines, 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

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, losses 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 announcement.

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 and, except as required by law or regulation, the Company undertakes no obligation to update these forward-looking statements. No statement in this announcement should be construed as a profit forecast or profit estimate.

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.

Chief Executive Officer's Review

Our Group delivered a strong first half of the financial year notwithstanding the difficult consumer environment, as we enhanced our leadership position in our existing markets of the UK and the US and continued to expand within Europe. Revenue improved throughout the period with growth of +2% at constant currency vs H1 FY23 (flat at reported rates), profitability was impacted by the lack of leverage and headwinds from interest free credit and inflation.

Luxury watches demand remained consistently high with demand continuing to outstrip supply for high demand product, with revenue +3% vs H1 FY23 at constant currency with growth in the period driven by increases in average selling price. Our pre-owned watch category continues to grow, and we were delighted to launch Rolex Certified Pre-Owned in both the US and UK in the half, with encouraging early client engagement and trading. The luxury jewellery market was challenging in the half with sales -15% at constant currency vs H1 FY23, however the luxury branded jewellery relatively outperformed and remains a category where we see significant opportunity as presented in our Long Range Plan.

In the US, revenue increased by +11% vs H1 FY23 at constant currency with the US now representing 43% of Group revenue. We continued to expand our US network, opening eight mono-brand boutiques alongside one multi-brand showroom, anchored by Rolex at American Dream, in New Jersey. 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.

UK and Europe revenue declined by -4% during the period but showed an improving trend in Q2 FY24. Sales were driven by domestic clientele and the Group continued to gain market share. Q1 FY24 was impacted by unwinding of the benefit of product intake in Q4 FY23, which meant Q1 FY24 revenue was down -8% in Q1 vs the prior year. Revenue in Q2 FY24 was flat on prior year, with several high turnover Goldsmiths and Mappin & Webb showrooms closed for upgrade during the period and trading out of pop-ups. These reopened pre-Christmas in the second half of the financial year.

In the UK, we made significant investment in our showrooms during the period, opening seven new showrooms, and have continued with the rollout of Goldsmiths Luxury concept including the reopening of our largest showroom to date in Liverpool. The first half also saw the launch of our new Mappin & Webb concept in York, and we have subsequently reopened our expanded showroom in Guernsey. The refurbishment of certain UK showrooms during H1 FY24 and replacement with temporary pop-ups moderately impacted our top line performance, however all refurbished showrooms will be opened ahead of the holiday period.

I am delighted to welcome our new colleagues from Ernest Jones and look forward to them developing within our business following the acquisition of 15 luxury showrooms, including one mono-brand boutique. We believe these are great showrooms and highly complementary to our portfolio. During the balance of the fiscal year, we will be working on systems, merchandising, training and marketing in order to have the full beneficial impact from this acquisition in FY25.

We opened a further three showrooms in Europe including our first showroom in Germany, a TAG Heuer mono-brand boutique in Berlin. We have great teams in place across all showrooms and received strong feedback both from clients and brands, and look forward to continuing to grow our presence in Europe.

We will continue to invest in our showroom portfolio in the UK, US and Europe with an exciting pipeline of future projects in H2 FY24 and beyond, some of which have already opened, including:

- Third Watches of Switzerland showroom in Manhattan at One Vanderbilt anchored by OMEGA and Cartier, open in early 2024
- Continued roll out of Goldsmiths Luxury with Birmingham Bullring, Metrocentre Newcastle, and the relocation of our Trafford lower showroom opening pre-Christmas
- New Flagship Rolex Boutique on Bond Street with around 7,000 sq. ft of selling space in Autumn 2024
- First Watches of Switzerland multi-brand in Europe at Mall of the Netherlands in Autumn 2024 anchored by OMEGA and Cartier
- New Rolex anchored showroom at Legacy West, Plano, Texas opening October 2024 as part of showroom relocation

We continue to deliver an elevated client experience based on the highest standards of hospitality using our Xenia principles. This is complemented by high quality client events in conjunction with our brand partners. We continue to invest in developing quality marketing assets highlighting our status as the key destination for luxury timepieces and jewellery.

During the first half of FY24, in the UK, we achieved an average monthly digital social media reach of 41 million, and a total of 2 billion digital impressions. In the US, we delivered 213 million impressions and had a monthly average social media reach of 25 million, in addition to generating over 10 billion PR impressions over the last 12 months.

We were delighted to host the Grand Prix D'Horlogerie De Geneve (GPHD) or 'Watch Oscars' in New York at our Soho Flagship for the second year running. The announcement of the exhibition alone generated over 20 million impressions.

Our strong and long-standing relationships with the most recognised and prestigious luxury watch brands have remained a point of distinction. We have continued to collaborate on exclusive product which in the half included products such as the OMEGA Seamaster 75 years, Breitling Avenger and TAG Heuer F1 Chrono. The colleagues within our showrooms and Luxury Watch and Jewellery Virtual Boutique are watch and jewellery experts, and much of this comes from the collaboration and investment with the brands on significant training programmes.

With the full support of, and guidance from, our Board and ESG Committee, we continue to develop our ESG governance and sustainability strategy, which puts our Purpose at its core.

Highlights during the period:
- UK accredited as a Real Living Wage Employer
- Continued to build our repair capability and our new Midlands Service Centre will open in H2 FY24
- Launched colleague incentive to encourage and reward eco-friendly behaviours
- Mappin & Webb named CSR Jewellery Retailer of the Year in 2023 Professional Jeweller Awards

I would like to thank our teams who continue to inspire and deliver. Their hard work and commitment continue to enable the Group to be successful.

Finally, I am very proud to report that our Foundation Trustees have donated over £800,000 of funds so far in FY24 in the UK and US. We have strengthened our relationship with The Prince's Trust with a commitment of £1.5 million over the next two years to fund their education work, and the Group was again the headline sponsor for The Prince's Trust Palace to Palace Bike Ride and through our colleagues participation raised a further £80,000.

Looking ahead, we were delighted to share our updated Long Range Plan on the 7 November 2023 which reiterated our confidence in the sector and our belief in our ability as the world's largest luxury watch retailer to capitalise on our leading market position and unique growth opportunities available. We expect sales and profits to more than double by FY28.

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)	26 weeks to 29 October 2023	26 weeks to 30 October 2022	YoY variance
Revenue	**761.4**	**765.2**	**(0.5)%**
Operating profit	**78.0**	**92.9**	**(16.0)%**
Net finance cost	(11.5)	(10.2)	(12.7)%
Profit before taxation	**66.5**	**82.7**	**(19.6)%**
Taxation	(19.5)	(18.1)	(7.7)%
Profit for the financial period	**47.0**	**64.6**	**(27.2)%**
Basic earnings per share	**19.8p**	**27.2p**	**(27.2)%**

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)	26 weeks to 29 October 2023	26 weeks to 30 October 2022	YoY variance
Revenue	**761.4**	**765.2**	**(0.5)%**
Net margin[2]	**280.1**	**287.6**	**(2.7)%**
Showroom costs	(137.2)	(136.3)	(0.7)%
4-Wall EBITDA[2]	**142.9**	**151.3**	**(5.7)%**
Overheads	(43.4)	(40.0)	(8.0)%
EBITDA	**99.5**	**111.3**	**(10.6)%**
Showroom opening and closing costs	(5.5)	(6.9)	19.0%
Adjusted EBITDA	**94.0**	**104.4**	**(10.1)%**
Depreciation, amortisation and loss on disposal of fixed assets	(20.6)	(17.7)	(16.2)%
Segment profit (Adjusted EBIT)	**73.4**	**86.7**	**(15.4)%**
Net finance costs	(1.5)	(2.3)	33.1%
Adjusted profit before taxation[2]	**71.9**	**84.4**	**(14.7)%**
Adjusted earnings per share	**21.5p**	**27.8p**	**(22.7)%**

Revenue

Revenue by geography and category

26 weeks to 29 October 2023 (£million)	UK and Europe	US	Total	Mix
Luxury watches	369.0	301.1	670.1	88%
Luxury jewellery	28.3	18.7	47.0	6%
Services/other	36.3	8.0	44.3	6%
Total revenue	**433.6**	**327.8**	**761.4**	**100%**

26 weeks to 30 October 2022 (£million)	UK and Europe	US	Total	Mix
Luxury watches	387.1	279.7	666.8	87%
Luxury jewellery	32.1	24.3	56.4	7%
Services/other	34.6	7.4	42.0	6%
Total revenue	**453.8**	**311.4**	**765.2**	**100%**

Group revenue of £761.4m increased by +2% at constant currency (flat at reported rates).

US revenue increased by +11% at constant currency (+5% at reported rates) and the US business made up 43% of the Group's revenue in H1 FY24 (H1 FY23: 41%). Underlying growth was strong across all locations with continued consumer appetite for high demand products. New York and the Wynn Resort, Las Vegas performed particularly strongly. 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 period, the US opened eight mono-brand boutiques in Topanga, California; New Orleans, Louisiana; and Murray, Utah. We also opened a Rolex anchored multi-brand showroom at American Dream in New Jersey which was fully completed in October with the opening of a large Cartier space.

The US Rolex Certified Pre-Owned programme was launched in July 2023, with product currently in 14 agencies and available online, early sales have been encouraging. Other pre-owned and vintage continues to grow as we leverage the Analog:Shift brand.

UK and Europe revenue declined by -4% during the period but showed an improving trend in Q2 FY24. Sales were driven by a domestic clientele and the Group continued to gain market share. Q1 FY24 was impacted by unwinding of the benefit of product intake in Q4 FY23, which meant Q1 FY24 revenue was down -8% vs the prior year. Revenue in Q2 FY24 was flat on prior year, with several high turnover Goldsmiths and Mappin & Webb showrooms closed for upgrade during the period and trading out of pop-ups. These reopened pre-Christmas in the second half of the financial year.

During the period, the UK opened six mono-brand boutiques, and a further one multi-brand Goldsmiths showroom in Bromley. One non-core showroom was closed giving a net increase of six in the UK. In the period, six projects were completed enhancing our existing estate to further elevate the partner brands we display in those showrooms and advance our client experience, this included our first new concept Mappin & Webb showroom in York. Tourist sales remain very low, but traffic increases in airports continue to be encouraging.

The UK Rolex Certified Pre-Owned programme was launched in September 2023 online and in five showrooms. Early trading has been encouraging.

We continued our expansion into Europe through mono-brand boutiques during H1 FY24. This included the opening of two further boutiques in Sweden: TAG Heuer in the Mall of Scandinavia, Stockholm and Breitling in Gothenburg. In June 2023, we opened our first boutique in Germany for TAG Heuer in Berlin. This takes the European mono-brands total to nine. The showrooms continue to gain strong feedback both from clients and the brands.

In November 2023, following the half year end, the Group completed the acquisition of 15 showrooms from Ernest Jones, fourteen multi-brand and one mono-brand. Over the second half they will be rebranded and we will be working on systems, merchandising, training and marketing to gain the full beneficial impact of the acquisition in FY25.

Group revenue from luxury watches grew by +3% at constant currency and made up 88% of revenue (FY23: 87%). Demand for luxury watches remains robust and continues to exceed supply, with consistent additions to Client Registration of Interest lists and average selling prices continue to increase.

Group luxury jewellery revenue declined by -15% at constant currency (down -17% at reported rates). This reflected market trends impacted by overall consumer sentiment, particularly within the bridal category. US sales were impacted by a repositioning to full price sales, notably in Betteridge.

Other 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 declined by -3% at constant currency compared to the prior year reflecting a higher proportion of jewellery through this channel and strong prior year comparatives.

Profitability

Income Statement – pre-IFRS 16 and exceptional items (£ million)	Profitability as a % of revenue 26 weeks to 29 October 2023	 26 weeks to 30 October 2022	 YoY variance
Net margin	36.8%	37.6%	(80bps)
Showroom costs	18.0%	17.8%	(20bps)
4-Wall EBITDA	18.8%	19.8%	(100bps)
EBITDA	13.1%	14.5%	(140bps)
Adjusted EBITDA	12.3%	13.6%	(130bps)
Adjusted EBIT	9.6%	11.3%	(170bps)

Net margin as a % of revenue was 36.8% in the period. The reduction in margin of 80bps reflects adverse product mix and the increased cost of Interest Free Credit.

Showroom costs increased by £0.9 million (+1%) from the prior year, to £137.2 million. Showroom costs as a percentage of revenue increased by 20bps from 17.8% to 18.0%. This reflects the opening of new showrooms, annualisation of prior year openings and annual pay rises to colleagues. This was partly offset by a reduction in business rates and efficiencies found within showroom payroll, and digital marketing investment which continues to maximize traffic and conversion versus cost.

Overheads increased by £3.4 million (+8%) due to investment in headcount and IT to support future growth, along with the opening of our new support centre in Leicester.

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 period. Total costs for the period were £5.5 million versus £6.9 million in H1 FY23, reflecting timing of refurbishments and new showroom openings.

Exceptional administrative items

The Group presents as exceptional items on the face of the Consolidated Income Statement, those material items of income and expense which, because of the nature or the expected infrequency of the events giving rise to them, merit separate presentation to provide a better understanding of the elements of financial performance in the financial period, so as to assess trends in financial performance.

Exceptional items (£million)	26 weeks to 29 October 2023	26 weeks to 30 October 2022
Professional and legal expenses on business acquisition	0.6	0.5
Impairment of property, plant and equipment	1.2	-
Impairment of right-of-use assets	1.9	-
Total	**3.7**	**0.5**

Costs associated with the acquisition of new showrooms, totalling £0.6m, are treated as exceptional as they are regarded as non-trading, non-underlying costs.

The current macroeconomic environment, increased interest rates, and inflationary trends gave rise to indicators of impairment in the current period. Consequently, discounted cashflows were performed on all Cash Generating Units with indicators of impairment. This resulted in an impairment charge of £3.1m being recorded in the period. This is allocated over the property, plant and equipment, and the right-of-use assets of those showrooms as required by IAS 36 Impairment of Assets. This has been booked as an exceptional item due to the non-trading nature of the impairment.

Adjusted EBIT and statutory operating profit

As a consequence of the items noted above, Adjusted EBIT was £73.4 million, a decrease of £13.3 million (-15%) on the prior year.

After accounting for exceptional costs of £3.7 million and IFRS 16 adjustments of £8.3 million, statutory operating profit (EBIT) was £78.0 million, a decrease of -16% on the prior year.

Finance costs

Net finance costs (£million)	26 weeks to 29 October 2023	26 weeks to 30 October 2022
Pre-IFRS 16 finance costs	3.5	2.8
Pre-IFRS 16 finance income	(2.0)	(0.5)
IFRS 16 interest on lease liabilities	10.0	7.9
Total net finance costs	**11.5**	**10.2**

Interest payable on borrowings increased in the period, reflecting higher market lending rates. Interest income on cash balances and investments also increased due the higher interest rates. The impact was a net reduction in the pre-IFRS 16 interest charge of £0.8 million to £1.5 million.

The IFRS 16 interest on lease liabilities increased by £2.1 million due to recent additions to the lease portfolio as we continue to invest in showroom portfolio expansion.

Taxation

The pre-IFRS 16 effective tax rate for the period was 29.0% and 29.2% as reported under IFRS 16. This is higher than the applicable UK corporation tax rate for the year of 25.0% as a result of higher chargeable taxes on US profits, and the impact of expenses disallowed for corporation tax.

Balance Sheet

Balance Sheet (£million)	29 October 2023	30 April 2023	30 October 2022
Goodwill and intangibles	202.8	200.4	205.6
Property, plant and equipment	185.5	154.4	136.9
Right-of-use assets	402.6	359.1	352.8
Inventories	399.7	356.0	379.5
Trade and other receivables	22.3	19.8	20.6
Trade and other payables	(250.7)	(219.6)	(243.7)
Lease liabilities	(459.6)	(410.4)	(403.3)
Net cash/(debt)	16.1	16.4	(25.6)
Other	(2.9)	(6.8)	2.5
Net assets	**515.8**	**469.3**	**425.3**

The 30 October 2022 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 and intangibles increased by £2.4 million due to a favourable exchange impact. £1.4 million of computer software additions were made in the period as part of ongoing IT developments, which was offset by amortisation of £1.4 million.

Property, plant and equipment increased by £31.1 million in the period. Additions of £48.5 million and a favourable foreign exchange impact of £2.2 million were offset by depreciation of £18.3 million, impairments of £1.2 million and a loss on disposal of £0.1 million.

Including software costs, which are disclosed as intangibles, capital additions (including accruals) were £49.9 million in the period (H1 FY23: £37.4 million) of which £48.3 million (H1 FY23: £34.8 million) was expansionary. Expansionary capex relates to new showrooms, relocations or major refurbishments (defined as costing over £0.25 million). In the period, the Group opened 19 new showrooms, and refurbished seven 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 £43.5 million in the period, to £402.6 million. Additions to the lease portfolio along with lease renewals or other lease changes were £68.1 million. Foreign exchange impact was favourable at £3.9 million, offset by depreciation of £26.6 million, and impairments of £1.9 million.

Lease liabilities increased by £49.2 million in the period. The portfolio changes noted above increased the lease liability by £66.4 million. Interest charged on the lease liability was £10.0 million along with an adverse exchange impact of £5.0 million. Lease payments were £32.2 million, giving a lease liability balance of £459.6 million.

Inventory levels increased by £20.2 million (+5%) compared to H1 FY23. The increase was driven by new showrooms (£18 million) and an increase in unit cost due to pricing. We are well stocked as we enter into the holiday season.

Trade and other receivables increased by £1.7 million compared to H1 FY23. The increase is reflective of higher prepayments, deposits, rebate receivables and new rent deposits as the business continues to grow.

Trade and other payables increased by £7.0 million compared to H1 FY23. The increase principally relates to an increase in the inventory trade payable aligned with the increased intake in the period. 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 29 October 2023 was £16.1 million, a decrease of £0.3 million since 30 April 2023, driven by £56.7 million of free cash flow[1] offset by £47.8 million of expansionary capex and £7.2 million for the purchase of own shares to satisfy management incentives.

Net debt post-IFRS 16 was £441.5 million. The value comprises the pre-IFRS net cash of £16.1 million and the £459.6 million lease liability, offset by capitalised transaction costs of £2.0 million. The balance increased by £47.5 million in the period, principally driven by additions to the lease portfolio.

The Group's maximum amount available under its committed facility was £225.0 million at 29 October 2023.

Facility from 9 May 2023	**Expiring**	**Amount (million)**
Multicurrency revolving loan facility – UK SONIA + 1.50% to +2.55%	May 2028	£225.0

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

£70.0 million of these facilities were drawn down at 29 October 2023. Liquidity headroom (defined as unrestricted cash plus undrawn available facilities) was £224.9 million.

Cash Flow

Cash Flow (£million)	26 weeks to 29 October 2023	26 weeks to 30 October 2022
Adjusted EBITDA	**94.0**	**104.4**
Share-based payments	1.9	2.8
Working capital	(8.3)	(26.7)
Pension contributions	(0.3)	(0.3)
Tax	(23.2)	(20.2)
Cash generated from operating activities	**64.1**	**60.0**
Maintenance capex[2]	(1.7)	(2.6)
Interest	(5.7)	(1.8)
Free cash flow	**56.7**	**55.6**
Free cash flow conversion[1]	**60.3%**	**53.3%**
Expansionary capex	(47.8)	(27.4)
Acquisitions	-	(20.6)
Purchase of own shares	(7.2)	(21.3)
Proceeds from short term borrowings	-	17.5
Repayment of term loan	(120.0)	-
Proceeds from multi-currency revolving loan facility	70.0	-
Costs directly attributable to raising new loan facility	(2.2)	-
Exceptional items	(0.6)	(0.5)
Cash flow	**(51.1)**	**3.3**

Free cash flow increased by £1.1 million to £56.7 million in the period to 29 October 2023 and free cash flow conversion was 60.3% compared to 53.3% in the prior year.

Cash flow from trading (Adjusted EBITDA, decreased by £10.4 million), was more than offset by a £18.4 million favourable working capital movement driven by a lower inventory increase year on year.

Expansionary capex of £47.8 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. FY24 has a higher proportion of capex spend in the first half of the year, as we looked to complete significant projects ahead of the holiday season.

£7.2 million of shares were purchased in the period to satisfy management incentive schemes, which will vest in the future periods.

Return on Capital Employed (ROCE)

	26 weeks to 29 October 2023	26 weeks to 30 October 2022
ROCE	23.9%	27.6%

ROCE decreased by 370bps from 27.6% to 23.9% in comparison to last year. This is as a result of Adjusted EBIT decreasing by -15.4% in comparison to the prior period.

Showroom portfolio

As at the 29 October 2023, the Group had 211 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 2023	89	51	6	**146**	24	23	**47**	**193**
Openings	1	6	3	**10**	1	8	**9**	**19**
Closures	(1)	-	-	**(1)**	-	-	**-**	**(1)**
29 October 2023	**89**	**57**	**9**	**155**	**25**	**31**	**56**	**211**

[1] Ecommerce sales are sales which are transacted online
[2] 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.
[3] Refer to the Glossary for definition.

Certain financial data within this announcement has been rounded.
Growth rates are calculated on unrounded numbers.

Risks and uncertainties

The Group is exposed to several risks and uncertainties in its business which could impact its ability to effectively execute its strategy over the remaining six months of the financial year and cause actual results to differ materially from expected and/or historical results.

The Board has considered the principal risks and uncertainties for the first half and the remainder of the financial year, and, after careful consideration of the current macroeconomic environment, has determined that the risks presented in the 2023 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; Data protection and cyber security; Business interruption; Regulatory and compliance; Economic and political; Brand and reputational damage; Financial and treasury; and Climate Change. These are detailed on pages 116 to 121 of the 2023 Annual Report and Accounts, a copy of which is available on the Watches of Switzerland Group PLC (the 'Company') website at www.thewosgroupplc.com.

WATCHES OF SWITZERLAND GROUP PLC
UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	26 week period ended 29 October 2023 £m	26 week period ended 30 October 2022 £m
Revenue	2,3	**761.4**	**765.2**
Cost of sales		(659.9)	(651.8)
Gross profit		**101.5**	**113.4**
Administrative expenses		(19.8)	(20.0)
Exceptional administrative expenses	4	(0.6)	(0.5)
Exceptional impairment of non-current assets	4	(3.1)	-
Operating profit		**78.0**	**92.9**
Finance costs		(13.5)	(10.7)
Finance income		2.0	0.5
Net finance cost	5	**(11.5)**	**(10.2)**
Profit before taxation		**66.5**	**82.7**
Taxation	6	(19.5)	(18.1)
Profit for the financial period		**47.0**	**64.6**
Earnings per share			
Basic	7	**19.8p**	**27.2p**
Diluted	7	**19.7p**	**27.0p**

WATCHES OF SWITZERLAND GROUP PLC
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	26 week period ended 29 October 2023 £m	26 week period ended 30 October 2022 £m
Profit for the financial period		**47.0**	**64.6**
Other comprehensive income:			
Items that may be reclassified to profit or loss in subsequent periods			
Foreign exchange gain on translation of foreign operations		6.7	11.8
Related tax movements		(0.6)	(1.2)
		6.1	**10.6**
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial (losses)/gains on defined benefit pension scheme	12	(1.0)	0.7
Related tax movements		0.3	(0.2)
		(0.7)	**0.5**
Other comprehensive income for the period net of tax		**5.4**	**11.1**
Total comprehensive profit for the period net of tax		**52.4**	**75.7**

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

WATCHES OF SWITZERLAND GROUP PLC
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	29 October 2023 £m	30 April 2023 £m	30 October 2022 £m
Assets				
Non-current assets				
Goodwill	8	185.2	182.8	187.2
Intangible assets	8	17.6	17.6	18.4
Property, plant and equipment	9	185.5	154.4	136.9
Right-of-use assets	10	402.6	359.1	352.8
Deferred tax assets		3.2	6.2	6.9
Post-employment benefit asset	12	-	0.1	0.3
Trade and other receivables		2.1	2.1	2.1
		796.2	**722.3**	**704.6**
Current assets				
Inventories		399.7	356.0	379.5
Current tax asset		4.2	2.6	2.6
Trade and other receivables		20.2	17.7	18.5
Cash and cash equivalents	11	86.1	136.4	111.6
		510.2	**512.7**	**512.2**
Total assets		**1,306.4**	**1,235.0**	**1,216.8**
Liabilities				
Current liabilities				
Trade and other payables		(249.6)	(218.7)	(242.8)
Current tax liability		-	(4.9)	(0.2)
Lease liabilities	10	(51.5)	(47.4)	(48.4)
Borrowings	11	-	-	(17.2)
Provisions		(1.3)	(1.8)	(1.2)
		(302.4)	**(272.8)**	**(309.8)**
Non-current liabilities				
Trade and other payables		(1.1)	(0.9)	(0.9)
Deferred tax liabilities		(3.5)	(3.0)	(1.2)
Lease liabilities	10	(408.1)	(363.0)	(354.9)
Borrowings	11	(68.0)	(120.0)	(119.0)
Post-employment benefit obligations	12	(0.6)	-	-
Provisions		(6.9)	(6.0)	(5.7)
		(488.2)	**(492.9)**	**(481.7)**
Total liabilities		**(790.6)**	**(765.7)**	**(791.5)**
Net assets		**515.8**	**469.3**	**425.3**
Equity				
Share capital		3.0	3.0	3.0
Share premium		147.1	147.1	147.1
Merger reserve		(2.2)	(2.2)	(2.2)
Other reserves		(23.4)	(18.4)	(18.6)
Retained earnings		382.4	337.0	279.6
Foreign exchange reserve		8.9	2.8	16.4
Total equity		**515.8**	**469.3**	**425.3**

As disclosed within note 24 of the Group's Annual Report and Accounts for the 52 weeks to 30 April 2023, 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').

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

WATCHES OF SWITZERLAND GROUP PLC
UNAUDITED INTERIM CONDENSED 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 2022	**3.0**	**147.1**	**(2.2)**	**(6.7)**	**214.3**	**5.8**	**361.3**
Profit for the financial period	-	-	-	-	64.6	-	64.6
Other comprehensive income	-	-	-	-	0.7	11.8	12.5
Tax relating to components of other comprehensive income	-	-	-	-	(0.2)	(1.2)	(1.4)
Total comprehensive income	**-**	**-**	**-**	**-**	**65.1**	**10.6**	**75.7**
Transactions with owners							
Purchase of own shares*	-	-	-	(14.5)	-	-	(14.5)
Share-based payment charge	-	-	-	-	2.8	-	2.8
Share-based payments	-	-	-	2.6	(2.6)	-	-
Balance at 30 October 2022	**3.0**	**147.1**	**(2.2)**	**(18.6)**	**279.6**	**16.4**	**425.3**
Balance at 1 May 2023	**3.0**	**147.1**	**(2.2)**	**(18.4)**	**337.0**	**2.8**	**469.3**
Profit for the financial period	-	-	-	-	47.0	-	47.0
Other comprehensive income	-	-	-	-	(1.0)	6.7	5.7
Tax relating to components of other comprehensive income	-	-	-	-	0.3	(0.6)	(0.3)
Total comprehensive income	**-**	**-**	**-**	**-**	**46.3**	**6.1**	**52.4**
Transactions with owners							
Purchase of own shares*	-	-	-	(7.2)	-	-	(7.2)
Share-based payment charge	-	-	-	-	1.9	-	1.9
Share-based payments	-	-	-	2.2	(2.2)	-	-
Tax on share-based payments	-	-	-	-	(0.6)	-	(0.6)
Balance at 29 October 2023	**3.0**	**147.1**	**(2.2)**	**(23.4)**	**382.4**	**8.9**	**515.8**

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

*During the period the Group purchased £7.2 million (30 October 2022: £14.5 million) of own shares to satisfy management incentives. The shares were purchased by an Employee Benefit Trust which has been set up for this purpose. The Group adopts a ‘look-through’ approach, which in substance, accounts for the Trust as an extension of the Parent. Own shares are recorded at cost and are deducted from equity.

WATCHES OF SWITZERLAND GROUP PLC
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	26 week period ended 29 October 2023 £m	26 week period ended 30 October 2022 £m
Cash flows from operating activities			
Profit for the period		**47.0**	**64.6**
Adjustments for:			
Depreciation of property, plant and equipment	9	18.3	15.3
Depreciation of right-of-use assets	10	26.6	24.7
Amortisation of intangible assets	8	1.8	1.5
Impairment of right-of-use assets	10	1.9	-
Impairment of property, plant and equipment	9	1.2	-
Share-based payment charge		1.9	2.8
Finance income	5	(2.0)	(0.5)
Finance costs	5	13.5	10.7
Gain on lease breaks and surrender	10	(0.5)	(0.8)
Loss on disposal of property, plant and equipment	9	0.1	0.5
Taxation		19.5	18.1
Increase in inventories		(38.7)	(63.4)
(Increase)/decrease in debtors		(0.8)	0.7
Increase in creditors, provisions, and pensions		27.5	34.4
Cash generated from operations		**117.3**	**108.6**
Pension scheme contributions	12	(0.3)	(0.3)
Tax paid		(23.2)	(20.2)
Total net cash generated from operating activities		**93.8**	**88.1**
Cash flows from investing activities			
Purchase of property, plant and equipment		(46.2)	(29.3)
Purchase of intangible assets		(1.4)	(0.7)
Cash outflow from purchase of non-current assets		**(47.6)**	**(30.0)**
Acquisition of subsidiaries net of cash		-	(20.6)
Total net cash outflow from investing activities		**(47.6)**	**(50.6)**
Cash flows from financing activities			
Own shares purchased for share schemes		(7.2)	(21.3)
Repayment of term loan		(120.0)	-
Proceeds from multicurrency revolving loan facility		70.0	-
Costs directly attributable to raising new loan facility		(2.2)	-
Proceeds from short term borrowings		-	17.5
Payment of capital element of leases	10	(22.2)	(20.7)
Payment of interest element of leases	10	(10.0)	(7.9)
Interest paid		(5.7)	(1.8)
Net cash outflow from financing activities		**(97.3)**	**(34.2)**
Net (decrease)/increase in cash and cash equivalents		**(51.1)**	**3.3**
Cash and cash equivalents at the beginning of the period		136.4	105.9
Exchange gains on cash and cash equivalents		0.8	2.4
Cash and cash equivalents at the end of period	**11**	**86.1**	**111.6**
Comprised of:			
Cash at bank and in hand		68.6	97.1
Cash in transit		17.5	14.5
Cash and cash equivalents at end of period	**11**	**86.1**	**111.6**

WATCHES OF SWITZERLAND GROUP PLC
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information and basis of preparation

Basis of preparation

The Group's Interim Condensed Consolidated Financial Statements for the 26 weeks to 29 October 2023 (prior year: 26 weeks to 30 October 2022) were approved by the Board of Directors on 6 December 2023 and have been prepared in accordance with UK adopted International Accounting Standard 34.

The results for the 26 weeks to 29 October 2023 have been reviewed by Ernst & Young LLP and a copy of their review report is given at the end of this interim report. The condensed set of interim financial statements has not been audited by the auditor and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The financial information contained in this report is condensed and does not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's Annual Report and Accounts for the 52 weeks to 30 April 2023 which have been delivered to the Registrar of Companies. The audit report for those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or (3) of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for certain financial instruments, pension assets and liabilities, and share-based payment liabilities which are measured at fair value. Where applicable, disclosures required by paragraph 16A of IAS 34 'Interim financial reporting' are given either in these interim financial statements or in the accompanying Interim Report.

The Interim Condensed Consolidated Financial Statements are presented in Pounds Sterling (£), which is the Group's presentational currency, and are shown in £millions to one decimal place.

Going concern

The Directors consider that the Group has, at the time of approving the Group's Interim Condensed Consolidated Financial Statements, adequate resources to remain in operation for the period to 31 December 2024 and have therefore continued to adopt the going concern basis in preparing the consolidated information.

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 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 29 October 2023 the Group satisfied the covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

At the balance sheet date, the Group had a total of £225.0 million in available committed facilities, of which £70.0 million was drawn down. Net cash at this date was £16.1 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £224.9 million. The UK bank facility of £225.0 million is due to expire in May 2028.

1. General information and basis of preparation (continued)

Going concern (continued)

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

- The latest forecast approved by the Board in November 2023 which included the following key assumptions:
  - 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 forecast aligns to the Guidance as given in our H1 FY24 Results. Under this forecast, the Group has significant liquidity and complies with all covenant tests at 28 April and 27 October 2024. Our Guidance reflects current visibility of supply from key brands and confirmed showroom refurbishments, openings and closures, and excludes uncommitted capital projects and acquisitions which would only occur if expected to be incremental to the business.

- Severe but plausible scenarios of:
  - 10% reduction in sales against the forecast due to reduced consumer confidence and lower disposable income due to the cost-of-living challenges. This scenario did not include cost mitigations which are given below
  - The realisation of material risks detailed within the Principal Risks and Uncertainties on pages 116 to 121 and environmental risks highlighted on pages 98 to 100 of the Group's Annual Report and Accounts for the 52 weeks to 30 April 2023

  Under these scenarios the net debt to EBITDA and the FCCR covenants would be complied with.

- Reverse stress-testing of cashflows 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 taking into account current trading and liquidity headroom, as well as mitigating actions within management's control (as noted below) plus the fact that this would represent a significant reduction in sales from prior financial years.

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

As a result of the above analysis, including potential severe but plausible scenarios and reverse stress-testing, 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 December 2024. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the financial statements.

Climate change

In preparing the Interim Condensed Consolidated 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 December 2024.

Accounting policies

The accounting policies adopted in the preparation of the condensed set of interim financial statements are the same as those set out in the Group's Annual Report and Accounts for the 52 weeks ended 30 April 2023.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. The amendments did not have a material impact on the Group's Interim Condensed Consolidated Financial Statements.

1. General information and basis of preparation (continued)

Accounting policies (continued)

Further amendments to and the interpretation of, existing accounting standards that became effective during the period, did not have a material impact on the Interim Condensed Consolidated Financial Statements.

Exceptional items

The Group presents as exceptional items on the face of the Consolidated Income Statement, those material items of income and expense which, because of the nature or the expected infrequency of the events giving rise to them, merit separate presentation to provide a better understanding of the elements of financial performance in the financial period, so as to assess trends in financial performance. Further details on exceptional items are given within note 4.

Alternative performance measures (APMs)

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These APMs are not defined or specified under the requirements of IFRS.

The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The Alternative Performance Measures are not defined by IFRS and therefore may not be directly comparable with other companies' Alternative Performance Measures.

The key APMs that the Group uses include: Net margin, Adjusted EBITDA, Adjusted EBIT and Adjusted EPS. These APMs are set out in the Glossary including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant.

The Group makes certain adjustments to the statutory profit measures in order to derive many of these APMs. The Group's policy is to exclude items that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operating costs of the Group. Treatment as an adjusting item provides 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.

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. The critical accounting judgements and major sources of estimation uncertainty remain consistent with those presented in the Group's Annual Report and Accounts for the 52 weeks ended 30 April 2023 unless otherwise stated.

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, and exceptional items presented in the Group's Interim Condensed Consolidated Income Statement (consisting of exceptional administrative expenses, exceptional finance costs and exceptional impairment) on a pre-IFRS 16 basis.

	26 week period ended 29 October 2023			
	UK and Europe	US	Corporate	**Total**
	£m	£m	£m	**£m**
Revenue	433.6	327.8	-	**761.4**
Net margin	157.8	122.3	-	**280.1**
Less:				
Showroom costs	(79.4)	(57.8)	-	**(137.2)**
Overheads	(23.3)	(18.7)	(1.4)	**(43.4)**
Showroom opening and closing costs	(4.0)	(1.5)	-	**(5.5)**
Adjusted EBITDA	**51.1**	**44.3**	**(1.4)**	**94.0**
Depreciation, amortisation and loss on disposal of assets	(13.0)	(6.9)	(0.7)	**(20.6)**
Segment profit/(loss)*	**38.1**	**37.4**	**(2.1)**	**73.4**
IFRS 16 adjustments				**8.3**
Exceptional impairment of assets (note 4)				**(3.1)**
Exceptional administrative costs (note 4)				**(0.6)**
Net other finance costs (note 5)				**(11.5)**
Profit before taxation for the financial period				**66.5**

2. Segment reporting (continued)

	26 week period ended 30 October 2022			
	UK and Europe	US	Corporate	**Total**
	£m	£m	£m	**£m**
Revenue	453.8	311.4	-	**765.2**
Net margin	169.2	118.4	-	**287.6**
Less:				
Showroom costs	(78.2)	(58.1)	-	**(136.3)**
Overheads	(20.8)	(17.4)	(1.8)	**(40.0)**
Showroom opening and closing costs	(5.4)	(1.5)	-	**(6.9)**
Adjusted EBITDA	**64.8**	**41.4**	**(1.8)**	**104.4**
Depreciation, amortisation and loss on disposal of assets	(10.7)	(7.0)	-	**(17.7)**
Segment profit/(loss)*	**54.1**	**34.4**	**(1.8)**	**86.7**
IFRS 16 adjustments				**6.7**
Exceptional administrative costs (note 4)				**(0.5)**
Net other finance costs (note 5)				**(10.2)**
Profit before taxation for the financial period				**82.7**

* Segment profit/(loss) is defined as being Earnings Before Interest, Tax, exceptional items and IFRS 16 adjustments (Adjusted EBIT).

Entity-wide revenue disclosures

	26 week period ended 29 October 2023	26 week period ended 30 October 2022
	£m	£m
UK and Europe		
Luxury watches	369.0	387.1
Luxury jewellery	28.3	32.1
Services/other	36.3	34.6
Total	**433.6**	**453.8**
US		
Luxury watches	301.1	279.7
Luxury jewellery	18.7	24.3
Services/other	8.0	7.4
Total	**327.8**	**311.4**
Group		
Luxury watches	670.1	666.8
Luxury jewellery	47.0	56.4
Services/other	44.3	42.0
Total	**761.4**	**765.2**

'Services/other' consists of the sale of fashion and classic watches and jewellery, the sale of gifts, servicing, repairs and 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.

2. Segment reporting (continued)

Entity-wide non-current assets disclosures

	29 October 2023	30 October 2022
	£m	£m
UK and Europe		
Goodwill	121.6	121.6
Intangible assets	5.3	4.5
Property, plant and equipment	109.6	83.8
Right-of-use assets	272.2	224.8
Total	**508.7**	**434.7**
US		
Goodwill	63.6	65.6
Intangible assets	12.3	13.9
Property, plant and equipment	65.0	53.1
Right-of-use assets	124.4	128.0
Total	**265.3**	**260.6**
Corporate		
Property, plant and equipment	10.9	-
Right-of-use assets	6.0	-
Total	**16.9**	**-**
Group		
Goodwill	185.2	187.2
Intangible assets	17.6	18.4
Property, plant and equipment	185.5	136.9
Right-of-use assets	402.6	352.8
Total	**790.9**	**695.3**

As disclosed within note 24 of the Group's Annual Report and Accounts for the 52 weeks to 30 April 2023, 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').

3. Revenue

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

	26 week period ended 29 October 2023		
	Sale of goods	Rendering of services	**Total**
	£m	£m	**£m**
UK and Europe	415.2	18.4	**433.6**
US	321.4	6.4	**327.8**
Total	**736.6**	**24.8**	**761.4**

	26 week period ended 30 October 2022		
	Sale of goods	Rendering of services	**Total**
	£m	£m	**£m**
UK and Europe	436.2	17.6	**453.8**
US	305.6	5.8	**311.4**
Total	**741.8**	**23.4**	**765.2**

4. Exceptional items

Exceptional items are those 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. Such items are included within the Income Statement caption to which they relate and are separately disclosed on the face of the Interim Consolidated Income Statement.

	26 week period ended 29 October 2023	26 week period ended 30 October 2022
	£m	£m
Exceptional administrative expenses		
Professional and legal expenses on business combinations[(i)]	(0.6)	(0.5)
Total exceptional administrative costs	**(0.6)**	**(0.5)**
Exceptional impairment of assets		
Impairment of property, plant and equipment[(ii)]	(1.2)	-
Impairment of right-of-use assets[(ii)]	(1.9)	-
Total exceptional impairment of assets	**(3.1)**	-
Total exceptional items	**(3.7)**	**(0.5)**

(i) **Professional and legal expenses on business combinations**
Professional and legal expenses incurred in relation to business combinations have been expensed to the Interim Condensed 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.

(ii) **Impairment of property, plant and equipment and right-of-use assets**
The current macroeconomic environment, increased interest rates, and inflationary trends gave rise to indicators of impairment in the current period. Consequently, discounted cashflows were performed on all CGUs with indicators of impairment. This resulted in an impairment charge of £3.1m being recorded in the period. This is allocated over the property, plant and equipment, and the right-of-use assets of those showrooms as required by IAS 36 Impairment of Assets. This has been booked as an exceptional item due to the non-trading nature of the impairment.

Tax on the exceptional items noted above totalled £1.0m (26 week period to 30 October 2022: £0.1m).

5. Net finance costs

	26 week period ended 29 October 2023	26 week period ended 30 October 2022
	£m	£m
Finance costs		
Interest payable on long term borrowings	(3.3)	(2.3)
Interest payable on short term borrowings	-	(0.1)
Amortisation of capitalised transaction costs	(0.2)	(0.4)
Interest on lease liabilities (note 10)	(10.0)	(7.9)
	(13.5)	**(10.7)**
Finance income		
Bank interest receivable	1.1	0.1
Net foreign exchange gain on financing activities	0.4	0.4
Other interest receivable	0.5	-
	2.0	**0.5**
Net finance costs	**(11.5)**	**(10.2)**

Further detail of borrowing facilities in place is given in note 11 to these interim financial statements.

6. Taxation

The income tax expenses recognised in the results is based on management's best estimate of the full-year effective tax rate based on estimated full-year profits excluding any discrete items. The effective tax rate at the half year is 29.2% (26 week period to 30 October 2022: 21.9%). This is higher than the applicable UK corporation tax rate for the year of 25.0%, as a result of higher taxes chargeable on US profits and the impact of expenses disallowed for corporation tax.

OECD Pillar Two model rules
The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the UK, the jurisdiction in which the company is incorporated, and will come into effect from 1 January 2025. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023, and endorsed by the UKEB in July 2023.

7. Earnings per share (EPS)

	26 week period ended 29 October 2023	26 week period ended 30 October 2022
Basic		
EPS	19.8p	27.2p
EPS adjusted for exceptional items	21.0p	27.4p
EPS adjusted for exceptional items and pre-IFRS 16	21.5p	27.8p
Diluted		
EPS	19.7p	27.0p
EPS adjusted for exceptional items	20.9p	27.2p
EPS adjusted for exceptional items and pre-IFRS 16	21.4p	27.6p

Basic EPS is based on the profit for the period attributable to the equity holders of the parent company divided by the net of the weighted average number of shares ranking for dividend.

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:

	26 week period ended 29 October 2023	26 week period ended 30 October 2022
	£m	£m
Profit after tax attributable to equity holders of the parent company	47.0	64.6
Add back:		
Exceptional administrative expenses, net of tax	2.7	0.5
Profit adjusted for exceptional items	**49.7**	**65.1**
Pre-exceptional IFRS 16 adjustments, net of tax	1.2	1.0
Profit adjusted for exceptional items and IFRS 16	**50.9**	**66.1**

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

	26 week period ended 29 October 2023	26 week period ended 30 October 2022
Weighted average number of shares:	'000	'000
Weighted average number of ordinary shares in issue	237,056	237,848
Weighted average shares for basic EPS	**237,056**	**237,848**
Weighted average dilutive potential shares	1,358	1,252
Weighted average shares for diluted EPS	**238,414**	**239,100**

8. Intangible assets

	Goodwill	Brands	Agency agreement	Computer software	**Total**
	£m	£m	£m	£m	£m
Net book value					
At 1 May 2023	182.8	10.5	1.2	5.9	**200.4**
Additions	-	-	-	1.4	**1.4**
Amortisation	-	(0.3)	(0.1)	(1.4)	**(1.8)**
Foreign exchange differences	2.4	0.4	-	-	**2.8**
At 29 October 2023	**185.2**	**10.6**	**1.1**	**5.9**	**202.8**

9. Property, plant and equipment

	Land and buildings	Fittings and equipment	**Total**
	£m	£m	£m
Net book value			
At 1 May 2023	0.8	153.6	**154.4**
Additions	-	48.5	**48.5**
Disposals	-	(0.1)	**(0.1)**
Depreciation	(0.1)	(18.2)	**(18.3)**
Exceptional impairment	-	(1.2)	**(1.2)**
Foreign exchange differences	-	2.2	**2.2**
At 29 October 2023	**0.7**	**184.8**	**185.5**

10. Leases

Right-of-use assets

	Properties	Other	**Total**
	£m	£m	**£m**
At 1 May 2023	358.0	1.1	**359.1**
Additions	67.2	0.3	**67.5**
Depreciation	(26.4)	(0.2)	**(26.6)**
Lease breaks	(0.5)	-	**(0.5)**
Lease surrender	(2.7)	-	**(2.7)**
Exceptional impairment	(1.9)	-	**(1.9)**
Lease extensions	3.8	-	**3.8**
Foreign exchange differences	3.9	-	**3.9**
At 29 October 2023	**401.4**	**1.2**	**402.6**

Lease liabilities

	Properties	Other	**Total**
	£m	£m	**£m**
At 1 May 2023	(409.4)	(1.0)	**(410.4)**
Additions	(66.2)	(0.3)	**(66.5)**
Payments	32.0	0.2	**32.2**
Interest	(10.0)	-	**(10.0)**
Lease breaks	0.5	-	**0.5**
Lease surrender	3.2	-	**3.2**
Lease extensions	(3.6)	-	**(3.6)**
Foreign exchange differences	(5.0)	-	**(5.0)**
At 29 October 2023	**(458.5)**	**(1.1)**	**(459.6)**

Impairment considerations

Property, plant and equipment and other non-current assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit (CGU) is not recoverable. A CGU is the smallest identifiable group of assets that generate independent cash flows which are monitored by management and the CODMs. Refer to note 4 for details of the impairment booked in the period.

Impairment has been considered as at 29 October 2023 in line with the current trading environment and cost-of-living challenges. It has been concluded that previous impairments made remain appropriate, and remaining asset values held at 29 October 2023 are supported by expected future cashflows.

11. Borrowings

	29 October 2023	30 April 2023	30 October 2022
	£m	£m	£m
Current			
Short term borrowings	-	-	(17.2)
Non-current			
Multicurrency revolving loan facility	(70.0)	-	-
Term loan	-	(120.0)	(120.0)
Associated capitalised transaction costs	2.0	-	1.0
Total borrowings	**(68.0)**	**(120.0)**	**(136.2)**

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. 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 29 October 2023 the Group comfortably satisfied the covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

At the balance sheet date, the Group had a total of £225.0 million in available committed facilities, of which £70.0 million was drawn down. Net cash at this date was £16.1 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £226.8 million. The UK bank facility of £225.0 million is due to expire in May 2028.

Analysis of net debt

	1 May 2023	Cash flow	Non-cash charges^	Foreign exchange	**29 October 2023**
	£m	£m	£m	£m	**£m**
Cash and cash equivalents	136.4	(51.1)	-	0.8	**86.1**
Term loans	(120.0)	120.0	-	-	**-**
Multicurrency revolving loan facility	-	(70.0)	-	-	**(70.0)**
Net cash excluding capitalised transaction costs (Pre-IFRS 16)	**16.4**	**(1.1)**	**-**	**0.8**	**16.1**
Capitalised transaction costs	-	2.2	(0.2)	-	**2.0**
Net cash (Pre-IFRS 16)	**16.4**	**1.1**	**(0.2)**	**0.8**	**18.1**
Lease liability	(410.4)	32.2	(76.4)	(5.0)	**(459.6)**
Total net debt	**(394.0)**	**33.3**	**(76.6)**	**(4.2)**	**(441.5)**

^ Non-cash charges are principally lease liability interest charges, additions and revisions.

12. Post-employment benefit obligations

During the 26 weeks to 29 October 2023 (prior period: 26 weeks to 30 October 2022), the Group operated four (prior period: four) defined contribution pension schemes and two defined benefit schemes (prior period: two).

The movement in the defined benefit (liability)/surplus in the period is as follows:

	26 weeks to 29 October 2023	52 weeks to 30 April 2023	26 weeks to 30 October 2022
	£m	£m	£m
Net pension asset/(liability) at the beginning of the period	0.1	(0.6)	(0.6)
Administration costs	-	(0.2)	(0.1)
Employer contributions	0.3	0.7	0.3
Actuarial (losses)/gains	(1.0)	0.3	0.7
Other	-	(0.1)	-
Net pension (liability)/surplus at the end of the period	**(0.6)**	**0.1**	**0.3**

The IAS 19 (accounting) valuation of the defined benefit obligation was undertaken by an external qualified actuary at 29 October 2023 using the projected unit credit method.

The scheme valuation moved from a surplus of £0.1 million at 30 April 2023 to a deficit of £0.6 million at 29 October 2023. The movement results from changes in the principal actuarial assumptions used in the valuation as follows:

	29 October 2023	30 April 2023	30 October 2022
Discount rate	5.55%	4.75%	4.50%
Rate of increase in salary	n/a	n/a	n/a
Rate of future inflation - RPI	3.35%	3.20%	3.25%
Rate of future inflation - CPI	2.75%	2.60%	2.65%
Rate of increase in pensions in payment	3.30%	3.15%	3.20%
Proportion of employees opting for a cash commutation	100.0%	100.0%	100.00%

13. Related party transactions

Transactions with related undertakings

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

14. Financial instruments

Categories

	29 October 2023	30 April 2023	30 October 2022
	£m	£m	£m
Financial assets – held at amortised cost			
Trade and other receivables*	17.3	13.9	13.7
Cash and cash equivalents	86.1	136.4	111.6
Total financial assets	**103.4**	**150.3**	**125.3**
Financial liabilities – held at amortised cost			
Short term borrowings	-	-	(17.2)
Term loan***	-	(120.0)	(119.0)
Multicurrency revolving loan facility***	(68.0)	-	-
Trade and other payables**	(225.0)	(193.8)	(220.3)
Net financial liabilities (pre-IFRS 16)	**(293.0)**	**(313.8)**	**(356.5)**
Lease liability (IFRS 16) (note 10)	(459.6)	(410.4)	(403.3)
Total financial liabilities	**(752.6)**	**(724.2)**	**(759.8)**

* Excludes prepayments of £5.0 million (30 October 2022: £6.9 million, 30 April 2023: £5.9 million) that do not meet the definition of a financial instrument.

** Excludes customer deposits of £5.9 million (30 October 2022: £6.4 million, 30 April 2023: £7.9 million) and deferred income of £19.8 million (30 October 2022: £17.0 million, 30 April 2023: £17.9 million) that do not meet the definition of a financial instrument.

*** Net of capitalised transaction costs

Fair values

The fair values of each category of the Group's financial instruments are materially the same as their carrying values in the Group's Interim Condensed Consolidated Balance Sheet. The fair value of trade and other receivables, trade and other payables, cash and cash equivalents and revolving credit facilities all approximate their carrying amount because of the limited movement in the short maturity of these instruments and limited change in prevailing interest rates since recognition.

15. Contingent liabilities

From time to time, the Group may be subject to complaints and litigation from its clients, employees, suppliers and other third parties. Such complaints and litigation may result in damages or other losses, which may not be covered by the Group's insurance policies or which may exceed any existing coverage. These are not expected to result in a material liability to the Group.

16. Post-balance sheet events

On 17 November 2023, the Group acquired the trade and assets of 15 showrooms from Ernest Jones Limited and Signet Trading Limited for a cash consideration of £44.2 million. The acquisition further advances the UK expansion strategy.

The assets and liabilities acquired principally comprise working capital balances of inventory and property, plant and equipment. Due to the proximity of the acquisition date to the date of approval these Interim Condensed Consolidated Financial Statements, the initial accounting for the business combination is incomplete and the Group is unable to provide a quantification of the fair values of the assets and liabilities acquired. The Group will include an acquisition balance sheet within the Group's Annual Report and Accounts for the 52 weeks to 28 April 2024.

No further post balance sheet events have been identified.

WATCHES OF SWITZERLAND GROUP PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information has been prepared in accordance with UK adopted International Accounting Standard 34 and that the interim report includes a fair review of the information required by DTR 4.2.4R, DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first 26 weeks to 29 October 2023 and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and
- material related party transactions in the first 26 weeks to 29 October 2023 and any material changes in the related party transactions described in the last annual report.

There have been no changes to the directors of Watches of Switzerland Group PLC to those listed in the Group's Annual Report and Accounts 2023.

A list of current directors is maintained on the Group's website: www.thewosgroupplc.com.

For and by order of the Board

Brian Duffy	**Anders Romberg**
Chief Executive Officer	**Chief Financial Officer**

6 December 2023

INDEPENDENT REVIEW REPORT TO WATCHES OF SWITZERLAND GROUP PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 29 October 2023 which comprises the Unaudited Interim Condensed Consolidated Income Statement, Unaudited Interim Condensed Consolidated Statement of Comprehensive Income, Unaudited Interim Condensed Consolidated Balance Sheet, Unaudited Interim Condensed Consolidated Statement of Changes in Equity, Unaudited Interim Condensed Consolidated Statement of Cash Flows and notes 1 to 16. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 29 October 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
6 December 2023

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	H1 FY24	H1 FY23
Revenue	761.4	765.2
Cost of inventory expensed	(485.3)	(481.7)
Other	4.0	4.1
Net margin	**280.1**	**287.6**
Showroom costs	(137.2)	(136.3)
4-Wall EBITDA	**142.9**	**151.3**

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 periods.

This measure was linked to management incentives in the period.

Reconciliation to IFRS measures

Reconciled in note 2 to the Interim Condensed Consolidated Financial Statements.

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

EBITDA before exceptional items presented in the Group's Interim Condensed Consolidated Income Statement. Shown before the impact of IFRS 16 'Leases'.

Why used

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

Reconciliation to IFRS measures

Reconciled in note 2 of the Interim 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 periods. This measure was linked to management incentives in the financial period.

Reconciliation to IFRS measures
Reconciled within note 7 of the Interim 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 periods.

Reconciliation to IFRS measure

£million	H1 FY24	H1 FY23
Segment profit (note 2)	73.4	86.7
Net finance costs (note 5)	(11.5)	(10.2)
IFRS 16 lease interest (note 5)	10.0	7.9
Adjusted profit before tax	**71.9**	**84.4**

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)
H1 FY24 Group Revenue (£)	761.4
H1 FY24 US Revenue ($)	411.1
H1 FY24 US Revenue (£) @ HY24 Exchange rate	327.8
H1 FY24 US Revenue (£) @ HY23 Exchange rate	345.5
HY24 Group Revenue (£) @ Constant currency	**779.0**
H1 FY24 Exchange rate	1.254
H1 FY23 Exchange rate	1.189

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 Interim 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 11 of the Interim 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, acquisitions or returns to shareholders.

Reconciliation to IFRS measures

£million	H1 FY24	H1 FY23
Net (decrease)/increase in cash and cash equivalents	(51.1)	3.3
Net financing cash flow	97.3	34.2
Interest paid	(5.7)	(1.8)
Lease payments (IFRS 16)	(32.2)	(28.6)
Acquisition of business combinations	-	20.6
Exceptional costs	0.6	0.5
Expansionary capex	47.8	27.4
Free cash flow	**56.7**	**55.6**

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 £56.7 million divided by Adjusted EBITDA of £94.0 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. ROCE is linked to management incentives.

Reconciliation to IFRS measures

Adjusted EBIT of £151.8m divided by the average capital employed, which is calculated as follows:

£million	LTM to 29 October 2023	LTM to 30 October 2022
Pre-IFRS 16 total assets	920.6	872.8
Pre-IFRS 16 current liabilities	(257.7)	(267.4)
Capital employed	662.9	605.5
Average capital employed	**634.2**	**541.7**

OTHER DEFINITIONS

Expansionary capital expenditure/capex

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

Showroom maintenance capital expenditure/capex

Capital expenditure which is not considered expansionary.

Luxury watches

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

Luxury jewellery

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

IFRS 16 Adjustments

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

H1 FY24 Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Post-IFRS 16 and exceptional items
Revenue	**761.4**	**-**	**-**	**761.4**
Net margin	**280.1**	**-**	**-**	**280.1**
Showroom costs	(137.2)	31.3	-	(105.9)
4-Wall EBITDA	**142.9**	**31.3**	**-**	**174.2**
Overheads	(43.4)	-	(0.6)	(44.0)
EBITDA	**99.5**	**31.3**	**(0.6)**	**130.2**
Showroom opening and closing costs	(5.5)	2.9	-	(2.6)
Adjusted EBITDA	**94.0**	**34.2**	**(0.6)**	**127.6**
Depreciation, amortisation and loss on disposal of fixed assets	(20.6)	(25.9)	(3.1)	(49.6)
Adjusted EBIT / Operating profit	**73.4**	**8.3**	**(3.7)**	**78.0**
Net finance costs	(1.5)	(10.0)	-	(11.5)
Adjusted profit before tax / Profit before tax	**71.9**	**(1.7)**	**(3.7)**	**66.5**
Adjusted basic Earnings per share	**21.5p**			**19.8p**

H1 FY24 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	202.8	-	202.8
Property, plant and equipment	193.3	(7.8)	185.5
IFRS 16 right-of-use assets	-	402.6	402.6
Inventories	399.7	-	399.7
Trade and other receivables	34.4	(12.1)	22.3
Trade and other payables	(295.9)	45.2	(250.7)
IFRS 16 lease liabilities	-	(459.6)	(459.6)
Net cash	16.1	-	16.1
Other	(12.2)	9.3	(2.9)
Net assets	**538.2**	**(22.4)**	**515.8**

H1 FY23 Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Post-IFRS 16 and exceptional items
Revenue	**765.2**	**-**	**-**	**765.2**
Net margin	**287.6**	**-**	**-**	**287.6**
Showroom costs	(136.3)	26.6	-	(109.7)
4-Wall EBITDA	**151.3**	**26.6**	**-**	**177.9**
Overheads	(40.0)	-	(0.5)	(40.5)
EBITDA	**111.3**	**26.6**	**(0.5)**	**137.4**
Showroom opening and closing costs	(6.9)	3.9	-	(3.0)
Adjusted EBITDA	**104.4**	**30.5**	**(0.5)**	**134.4**
Depreciation, amortisation and loss on disposal of fixed assets	(17.7)	(23.8)	-	(41.5)
Adjusted EBIT / Operating profit	**86.7**	**6.7**	**(0.5)**	**92.9**
Net finance costs	(2.3)	(7.9)	-	(10.2)
Adjusted profit before tax / Profit before tax	**84.4**	**(1.2)**	**(0.5)**	**82.7**
Adjusted basic Earnings per share	**27.8p**			**27.2p**

H1 FY23 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	205.6	-	205.6
Property, plant and equipment	139.9	(3.0)	136.9
IFRS 16 right-of-use assets	-	352.8	352.8
Inventories	379.5	-	379.5
Trade and other receivables	32.6	(12.0)	20.6
Trade and other payables	(282.5)	38.8	(243.7)
IFRS 16 lease liabilities	-	(403.3)	(403.3)
Net debt	(25.6)	-	(25.6)
Other	(6.6)	9.1	2.5
Net assets	**442.9**	**(17.6)**	**425.3**

As disclosed within note 24 of the Group's Annual Report and Accounts for the 52 weeks to 30 April 2023, 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').