

Watches of Switzerland

H1 FY26 Results

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Transcript



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Brian Duffy:

Good morning, everyone. Thanks for joining us. Our presentation this morning will commence with me, Group CEO, Brian Duffy. I'll be taking you through our first half highlights, talking about our growth initiatives in the first half. I'll then be followed by our CFO Anders Romberg, he'll give you more detail and colour on the numbers. Then me again to give you a bit more background on our growth pillars and where we stand, and then we'll open things up for your questions.

So, top line numbers for the first half year that ended in October, our sales £845 million for the half. We were up 10% in constant currency for the Group, driven by a very strong performance in the US, +20% in USD. UK was decent at +5% when we adjust for the store closures that we had last year. All in all, a good half year in terms of sales.

In terms of profits, Adjusted EBIT came in 6% ahead of last year at £69 million in constant currency. Our leverage is 0.6x, Adjusted EBITDA leverage to debt. Our free cash flow £48 million was 71% better than last year. Our expansionary capex was £37 million following all of our projects - I'll be talking more about in detail as we go through. We completed our £25 million buyback, £14 million actually going through in the first half of this year. Our ROCE, we were up 80bps at 17.3%.

So, our pillars of growth and what's delivered our first half year numbers. Showroom investment, both new projects and refurbishment of our existing network. We spent £37 million in total. We completed eight projects in the half year. We've already done six projects in the start of the second half, obviously getting ahead of the holiday period. We apply disciplined hurdles in terms of payback when we look at all of these investments, and as usual, we have a strong pipeline going forward.

Certified Pre-Owned has been a really strong business for us, strong both in the UK and in the US. Rolex Certified Pre-Owned has become our number two brand in both the UK and the US. Non-Rolux Certified Pre-Owned is also going well and clearly, we are well established in this growing category.

Ecomm, we're delighted with the ecomm results that we've had in the half year up 17% in constant currency. We had good year on year growth in the UK and then very high levels of growth in the US where we're coming from a smaller base and having invested in resources in the US, both a localised team and a conversion to Shopify platform. So very confident about ecommerce and the prospects that we have for growth.

Luxury branded jewellery, clearly our number one focus is Roberto Coin in the US where we had a very strong half year at +16% in wholesale and everything about Roberto we love. There's been a great response to the campaign that we've done with Dakota Johnson. We'll be opening three boutiques November, December and January, and we've launched a new website on Shopify.

Here in the UK, Mappin & Webb luxury jewellery boutique in Manchester, St. Ann's area, we got opened successfully.

In terms of acquisitions our focus clearly in the last year has been on Roberto Coin and Hodinkee in the US. Both going well, both really well positioned for growth and of course we continue with our discussions and opportunities on further acquisitions in the US market.

Client-centric excellence, something that we've always done at the Watches of Switzerland Group. The opening of Rolex Bond Street last March really gave us the opportunity of stepping up our focus on clients. We did extensive training with our team there that allowed us to redefine our Xenia programme and now have Xenia 2.0 and it's working very, very well in Bond Street. We have a net promoter score as you can see of a 94.5%, which is very, very high and we're now taking this programme and applying it through all of our store network. Additionally, we stepped up our events programme both here in the UK and the US really focusing on our top clients and collectors; and more about that later in the presentation.

Now over to Anders.

Anders Romberg: Thank you Brian, and good morning everyone. I'm Anders Romberg, CFO for the Group and I'll now take you through the financials.

Starting with the income statement, this is presented on a pre-IFRS 16 basis and excludes exceptional items. The reconciliation to the statutory numbers are included in the RNS.

Our revenue was up 10% versus last year in constant currency or 8% at reported rates, driven by strong US performance.

Net product margin for the half was 90 basis points down versus last year, reflecting adverse product mix and a reduction in brand margins due to US tariffs.

Our Adjusted EBIT for the half was £69 million or +6% compared to last year at constant currency or +4% in reported. This gave an Adjusted EBIT margin of 8.1%, down 30 basis points on last year due to the net margin rate decline as just mentioned. This was partially offset by leveraging showroom costs and overheads.

The effective tax rate was 27.5% for the half, a reduction to last year driven by lower levels of non-tax-deductible items.

Our Adjusted EPS was 19.6p, an increase of 8%.

Statutory profit before tax of £61 million increased by 50% on last year as prior year statutory profit was impacted by non-cash impairments; with statutory basic EPS improving by 57% or 6.9 pence per share, benefiting from the share buyback programme which completed this year.

Looking at the breakdown of sales in the half, the US was the biggest growth driver. US retail was up 21% in constant currency with robust demand across brands and categories supported by the expansion of our showroom network. In the half, sales were driven by good volume growth as well as some pricing - on average about 4%.

We're pleased with the performance of Roberto Coin wholesale with sales growth of 16% in constant currency. There's been a positive market response to new product and the advertising campaign that we launched at the start of the year.

UK sales grew by 2%, but was impacted by the showroom closures we made around year-end last year. Adjusting for showroom closures, UK grew at 5%, a resilient performance in a challenging market underpinned by the stability of the luxury watch segment and the success of our flagship boutiques.

Across both markets our ecomm business continued to do really well and grew by 17% in constant currency. The Rolex Certified Pre-Owned programme is doing well and it's now the group's second largest brand in terms of revenue.

The first half Adjusted EBIT came at £69 million or +6% on last year at constant currency. Adjusted EBIT margin was 8.1%, which is 30 basis points down on prior year due to product margin rate decline, partially offset by leverage of fixed costs.

The US, including Roberto Coin wholesale, is the major growth area, and on 48% of group sales, it represents 59% of Adjusted EBIT.

US retail had product margin contraction due to US tariffs, but this was offset by leveraging the fixed cost base.

In the UK, product margin was impacted by adverse product mix with limited leverage on cost base.

Roberto Coin wholesale had an increase in marketing costs due to the production of our new advertising campaign. Product margin remains stable over half.

As shown Roberto Coin wholesale is quite accretive for the group's profitability.

We've delivered strong free cash flow in the period of £48 million, which was up 71% on prior year. Free cash flow conversion was 53% and I'm expecting the free cash flow conversion for the year to come in between 65% and 70%.

Adjusted EBITDA was £91 million, an improvement of 4% year on year; in constant currency it was up 7%.

The working capital outflow of £30 million represents the seasonal build of stock for the holiday season. We expect the working capital build to unwind in the second half in line with seasonal trends.

We continue to invest in the showroom expansion and refurbishment programme, which drives long-term sustainable sales growth. In the first half, our expansionary capex was £37 million, and our full year expectation is between £65 and £70 million.

The final payment for the Roberto Coin Inc. acquisition was also made in the half, and we completed our £25 million share buyback programme.

Our balance sheet shows continuous strength. Inventory increased to £503 million, an increase of 5% versus last year reflecting the higher average unit cost of stock from gold prices and US tariffs. Underlying turns continue to improve. It's important to remember that there is no obsolescence risk in inventory and very low cost of storage. The reduction in payables is driven by timing of supplier payments.

Net debt was £112 million at the end of the half, a reduction of £8 million from the prior year. This gives the net debt to Adjusted EBITDA leverage of 0.6x, excluding leases.

Just a reminder of our capital allocation policy, which we set to optimise capital deployment for the benefit of all stakeholders focusing on long-term growth.

We continue to prioritise growth in our business through investment in our showroom expansion. We expect to spend between £65 and £70 million in this fiscal year, with £37 million spent in the first half.

Secondly, strategic acquisitions, a key pillar of our growth strategy. Acquisitions must deliver return on investment in line with our disciplined financial criteria within an appropriate timeframe.

We'll continue to maintain balance sheet flexibility and to be opportunistic for investment in acquisitions and showroom developments.

Surplus capital above and beyond the requirements for these investments, will be returned to shareholders. We were pleased to complete the £25 million share buyback programme in the period.

The second half of the year has started well. We're trading in line with our expectations and are well placed as we enter the holiday trading period.

Today, we're reiterating our full year guidance of 6% to 10% revenue growth at constant currency, with an Adjusted EBIT margin percentage flat to 100 basis points down on last year. As noted previously, capital expenditure is expected to be between £65 and £70 million.

Our guidance reflects that FY26 is a 53-week year. It includes visibility of supply of key brands, and it reflects confirmed showroom refurbishments, openings and closures, but it excludes uncommitted capital projects and acquisitions.

With that, I'll hand you back to Brian.

Brian Duffy:

Thank you Anders. Just again, headlines of our growth drivers for our business - showroom investment, Certified Pre-Owned, ecomm, luxury branded jewellery, focus on acquisitions, and clearly a focus on our clients.

In terms of showroom investment - looking firstly at the second half of last fiscal year that clearly benefits this full year. The centrepiece of our programme for the last fiscal year was obviously the opening up the flagship Rolex Boutique in Bond Street. It's been a great success. It's exceeding our expectation and the client feedback about it is absolutely fantastic. Four floors of retailing, one of Certified Pre-Owned, we have a service area and then two floors of regular retailing. The team are fantastic. The client feedback really couldn't be any better.

Looking at some of the other projects that we did in Tampa, Florida. We relocated to an enlarged space, and it really is the best space in the mall between LV and Tiffany and a wonderful presentation of Rolex and the other brand partners that we have there.

Our Betteridge store in Colorado in the Ski resort of Vail. We again took the store next door allowing us to expand the presence of everyone there, including Rolex, as you can see, beautiful alpine design.

And the bottom there you can see Rolex in Atlanta, Atlanta, Georgia. This was previously a multi-brand space for us with a very nice Rolex shop-in-shop. We were so successful with Rolex that we agreed to convert the entire space to Rolex Boutique now 3,000 feet. It's fabulous and really doing great. We love the town of Atlanta, and I'll show you later what we did with the brands that we effectively displaced in the multi-brand.

Top right is Jacksonville, Florida. We had come out of Jacksonville because of the location, wasn't ideal. It took us a bit of time to get back in again, but it was worth the wait as you can see from that store top right that we opened in February.

Bottom right is our first venture into Texas. Now, we love Texas as a market and as a state. We had bought a store that didn't have Rolex or Cartier and other top brands and we now do in this wonderful execution that we have of our Watches of Switzerland that opened it back in March.

Looking at it the first half of fiscal year 26, we opened this beautiful house in Manchester in King Street. It's spectacular. It's a joint venture with our partners from Audemars Piguet.

We refurbished and expanded in Goldsmiths Kingston.

The next one along is the oldest Rolex retailer in the world in Newcastle at Blackett Street, which we refurbished and expanded the retail space in July 25 and it's spectacular.

The multi-brand in Mayors in Atlanta, which we displaced with the Rolex boutique. We effectively opened a multi-brand directly opposite as you can see here, in August 25.

Also in August, Mappin & Webb Cambridge.

We expanded in September 25 Merry Hill in Birmingham, again we expanded.

The new luxury jewellery boutique in St. Ann's, opened in September as did a relocation of our Goldsmiths in Peterborough.

So, the second half where we've been very busy with the opening in the last week of October in Southdale, Minneapolis. Beautiful store, doing well.

We've reallocated our store in Sarasota, Florida in November.

Back here in the UK, Goldsmiths Oxford we expanded and converted November 25.

Mappin & Webb Birmingham actually opens this week an expansion and a conversion.

Bottom left also opening this week, is the new multi-brand space in Terminal 5 in Heathrow, directly adjacent to where Rolex currently is.

I'd mentioned already the mono-brand stores for Roberto Coin, one opening in November in Hudson Yards, New York. December, in fact this week, in Las Vegas and then Miami will open in January.

Then in my hometown of Glasgow we are doubling the space of the Rolex boutique. Work is underway and that should open hopefully early summer 26.

And then bottom right will be the new Terminal 5 location for Rolex. Work is underway here again in terms of design and planning and our hope is to get this opened also for summer of 26. It clearly is a multiple in terms of size and impact versus where we are today, so that will be spectacular.

Certified Pre-Owned continues to do very, very well for our business. We're now well established in this category. We manage margin well throughout this time in our two years into the program, we are in all of our Rolex stores in the US. We are in 26 showrooms in the UK, and as we continue with our various projects, we will be in all stores in the UK, so a lot more to come from Rolex Certified Pre-Owned.

Ecomm, we feel very good about decisions that we've made. We're up 17% as a Group overall. We have a new website, we're converting all of our websites to Shopify in the US, Watches of Switzerland's up and running on Shopify and Roberto Coin up and running on Shopify and the other facia will happen in the months ahead.

Within pre-owned we can offer a Rolex Certified Pre-Owned as you see here, which clearly is an important destination for our Rolex shoppers. You can also see Cartier here, which is our best-selling brand online, both UK and US. And then in the middle you can see a Hodinkee exclusive that we made available online in the US. We've also added other brands as we've gone and there's a lot more to come from an ecomm business both here in the UK and particularly in the US.

Roberto Coin, we love everything about the brand and you see here some great images of Dakota Johnson, the campaign that we launched in summer and really only kicked in in the fall and holiday season that we're in now, but great response to the campaign both from end clients and from our wholesale customers.

We've been working with the teams in the US about expanding our space in Roberto Coin in-store, both in top department stores and in top independent stores, and that's going very well. Our designers and architects in the US worked with our teams in Italy to come up with a new showroom and shop-in-shop designs, which look great. We've expanded the presence of Roberto Coin in our Mayors stores, which I'll show you shortly. We have the new website and we're also working on opportunities of product merchandising, so a lot of growth initiatives for Roberto Coin.

This is to show you how Roberto Coin was presented on the left-hand side in the Mayors stores. It was great success in Mayors, it was very productive and going very well, but having now moved it to the space, you can see you on the right, that clearly is a huge elevation of the brand.

We've actually increased productivity and we've more than double sales so, this is good clearly for our business overall, but it's also good as examples that we can now take to our wholesale partners and look to introduce shop-in-shops in other stores.

Mono-brand stores that we are in the process of opening, top left is Hudson Yards, New York, which has opened, has been opened for two weeks, all going well. The right-hand side is the Forum Shops at Caesars in Las Vegas, will open this week and bottom left is Miami Design Centre, which will open in January.

This is the website that looks fantastic, very, very user friendly, very easy to navigate, very easy to find your product or to find out information on the brand. Great videos both of Dakota Johnson and great videos from Roberto himself about his inspiration and background and product clearly, and there's been a fantastic response to this new website.

The luxury branded jewellery boutique St. Ann's we opened in September. We had a great event in October as you can see from the image on the left, it's a fantastic location listed building and a great response from our clients.

On the left you can see how the Rolex store looks all ready for Christmas time in Bond Street, looks really spectacular, and it continues to trade very well and ahead of our expectations.

We've been doing wonderful events there. The highlight of which was an event with Roger Federer. He really was a fantastic ambassador of Rolex, really spending time with our clients and a great representative of the brand and our clients were thrilled to be there. You can see the scores that we're getting from our client feedback 94.5% net promoter score and of the clients that respond to our questionnaire, 98% say that we either met or exceeded their expectations. By far the majority say we actually exceeded the expectations.

Other events that we've done throughout the country with Rolex and you can see they are pretty spectacular. Our clients love to be there, and it really is all part of our client excellence, client-centric focus that we have.

Other events we launched, we launched fairly quietly there the Audemars Piguet in Manchester, with our partners at AP leading up to this event that we had in October. The space is so perfect for a hospitality and events as you can see and really great evening.

An example here of us taking over the Aventura store with Roberto Coin, bringing our top jewellery clients along. It was a hugely successful event and it's our sales teams, our sales colleagues in the US really at their best.

And another event in New York in Soho where we launched the Porsche exclusive product. We did it with Ben Clymer, effectively hosted the evening and

we had none other than Orlando Bloom there who's a great enthusiast both for watches and for Porsche, so and a really great combination, but that was a fantastic event and we really had to control the number of people that were coming. Huge interest and a really great example of us using new partners and the connections with Hodinkee.

So overall, we have strong momentum across the group. It was a standout performance in the US at +20%.

Our model is clearly working on our approach to our clients, our design of stores and our training of our great teams.

Our registration of interest lists continue to grow with a high conversion overall, so no change on that.

Certified Pre-Owned, clearly well established in line with the ambitious expectations that we had presented to the market before.

Ecommerce, very strong US investments that we made are clearly driving a very strong sales performance in the US.

Great progress with Roberto Coin, a lot more to come.

Great progress also with our friends at Hodinkee and we are in the process of developing some important growth initiatives within that you'll hear more about in our fiscal 27.

A great delivery, strong delivery of our catalogue of projects with a lot more in the pipeline.

We're well positioned for the holiday season. We're off to a good start with the five weeks of November now behind us and we'd be happy to reiterate our guidance.

So, we'll now pass over for your questions.

Operator 1:

Ladies and gentlemen, if you'd like to ask an audio question, please press star one on your telephone keypad and just make sure that your line is not muted, so we can reach your equipment. So that is star one for audio questions. Our first question this morning is coming from Chris Huang of UBS. Please go ahead sir.

Chris Huang:

Hi, thank you. It is Chris from UBS and I have two questions. The first one on your FY26 sales guidance, I mean you commented that you started the second half in line with expectations and you generally feel good about the holiday trading period ahead. So, if we take the midpoint of the sales guidance at 8%, if my math is correct, that would imply H2 to be around 6%, but when I think

about the moving blocks within the group in theory you should no longer see any meaningful impact from store closures in the UK. The momentum in the US seems to be still solid double digit and at Roberto Coin I would expect the full benefit of the price increase you did in October to help the numbers in H2. So, with all of this in mind, and of course we just started at H2, but I'm just wondering if you think there could potentially be some upside for the year? That's my first question. And then secondly, generally on operating leverage, if we really look at your H1 P&L now you actually showed quite impressive OPEX leverage and control driven by the US retail channel, so I'm curious to know the level of growth you would need generally to start to see fixed cost leverage. I'm assuming it's going to be quite different in the UK compared to the US given the product mix. So, if you could provide some regional colour, please just to help us a bit more on modelling. Thank you very much.

Brian Duffy:

Thank you Chris for your questions. I'll take the first one and Anders will answer the more complicated one on the P&L and leverage. We feel really positive about the second half. There are still some uncertainties around the UK consumer still by no means upbeat, the budget didn't help, so we'll see how that might affect behaviour in the Christmas period. Similarly in the US as we've reported to the market before, the consumer seemed to ride over the price increases that happened over late summer, but we are moving into the more gifting season. There might be a bit more price sensitivity there. We don't have our allocations yet, they're on a calendar year basis, so we have four months of the fiscal year in which we, as yet, don't know what the allocations will obviously be from our key partners. So, there's still a bit of uncertainty around there.

We are delighted that the tariff situation has improved from the 39% down to the 15%, but that's still a reasonable increase on landed cost of product that's coming in and again, what might be the response from the brands and at this point we don't know that either. So that level of uncertainty is around. Having said that, we have started the season well and we go into it with good momentum, but putting it all together, we feel that the prudent thing to do is confirm our guidance at this point and obviously we'll look forward to updating the market post-Christmas.

Anders Romberg:

In terms of the operating leverage question, we haven't ever been that explicit, but if you look at the leverage that we get historically on our cost base, it's been the factor that's been driving our profitability over the last decade actually and will continue to do so. Product mix is a factor, obviously the product margin is the highest cost that we have in the business, so the component of pre-owned coming into it has been somewhat diluted as a percentage - cash wise it's absolutely fine. So, in terms of our cost base, it's driven by inflation obviously and space expansion are also the two major factors which we partially offset by becoming more efficient in our operations. So, I'm not going to say what sales growth we need in order to get the leverage.

Chris Huang:

Okay, thank you very much.

Operator 1: Thank you. Next question is coming from Richard Taylor of Barclays, please go ahead.

Richard Taylor: Yeah, morning team. I see there was some comments recently from the Rolex CEO at the Dubai watch event regarding their relationship with retailers and how they basically, they have no desire to change that. Just keen to understand now that a bit of time has passed since they bought Bucherer, how you would observe Rolex is behaving with regards to their retail partners. I know there's been a bit of change in the German market recently for example, but any insights you may have more generally and obviously the UK and US markets in which you operate will be helpful. Thanks.

Brian Duffy: Okay, thanks Richard. We obviously read as everybody did, the comments that were publicised that John Frederick Dufour made at the Dubai watch week. No surprise to us because it's effectively what was said when the acquisition was announced and we did an RNS at the time that was approved by Rolex and the news then was that this wasn't strategic, it was the acquisition was made for other reasons and that nothing would change with regards to how Rolex were managing partner relationships and product allocation and projects. And our experience since then has been exactly that. There's been no change, we obviously work hard at developing our partnership and relationship, looking at a number of projects, that's always very objective. The discussions that we have, everything has carried on exactly as it was and it's what we've been consistently saying and it's what we've consistently experienced from that relationship. It's obviously a long, long relationship for our Group, dates back literally over 100 years and it's a big part of our business that's our most important partnership and delighted that we continue to make the progress that we do and I'd say honestly our relationship has probably never been so good.

David might want to comment on the US where he manages the relationship directly.

David Hurley: I mean again, the conversations that we had about this were when the acquisition happened, we've never had it since. We've seen, they've been consistent always in the way that they deal with us and we've had an incredibly strong pipeline of refurbishments, expansions over the last year and some new stores as well, like Southdale in Minneapolis that we just recently opened that's performing very well. Locations like Legacy West in Plano, Texas where we didn't have Rolex originally. And we continue to have a strong pipeline of projects going forward so, no changes whatsoever.

Richard Taylor: Thank you very much.

Operator 1: Thank you for your question sir. Ladies and gentlemen, once again for audio questions please press star one and I'll go to Jon Cox of Kepler. Please go ahead.

Jon Cox:

Yeah, good morning guys. Congrats on the figures. The print looked pretty good. A couple of questions for you just starting off with the UK and it's been pretty soft for a couple of years. I'm just wondering what your thoughts are going forward and if you maybe believe that some of the tourists that used to come into the UK buying watches have gone for good with the so-called tourism tax? Or would you be confident that eventually the UK should bounce back if you just look at historical trends when for a few years the UK was amongst the strongest growing markets, maybe some sort of post that boom period hangover and we should start to see a recovery at some point? That's the first question. Second question, just on the T5 Heathrow, just wondering on the sort of size of that and from my own experience going through airports ever trying to go into a Rolex store, the room is empty anyway and even if it's very difficult, obviously if you're trying to leave a name at a Rolex store at an airport, just on how we should think about it. Should we think about it as a decent sized store opening in the US or is it anywhere near to Bond Street or just to give us a bit of a feel what may be happening there. And then the last one just on you keep saying Rolex CPO is now the second biggest brand, I'm just always scratching my head trying to work out how much Rolex and Rolex CPO is a combo of your business, and then in addition you have Roberto Coin where clearly jewellery is a very strong business at the moment, just trying to get a figure or some sort of indication. Roberto Coin, Rolex, Rolex CPO is that close to 70% of your business now? Thank you.

Brian Duffy:

Thanks for your question, John, a lot there. The UK market I'd describe as having come through a real volatile period. You described it as soft but if we look back at the tail end of the second half 2023, I think we describe it as a bit worse than soft but very, very high price increases. The value was what it was, but from a volume standpoint, the market really was impacted in a way that we'd never witnessed before. We've come beyond that, I think that the brands very typically, they're ultimately very pragmatic in how they look at market. Pricings being modest, new product introductions have been good and we see the market as very recognisable, very much normalised. We were +6% in the second half of last year, +5% in the first half of this, which we regard is clearly very stable and consistent. With regards to tourism, obviously we're way down in tourism but that if you compare us to fiscal 19 or fiscal 20 when the VAT-free was effectively removed. So, it's in our base, it's in our comparison numbers, we're 95% domestic in terms of our sales. So that's the category and I think we've done amazingly well to have obviously refocused our business on domestic successfully and our view has been consistently and remains that VAT-free will come back at some point. I think the arguments on behalf of coming back are really compelling on behalf of the UK economy and the treasury and if the government keeps saying, as they do, that want to support growth then as a gold nugget, excuse the pun, lying on a beach somewhere that they could pick up and really have an impact. So, we continue to support lobbying and trying desperately to get the government to take a more serious look at it, which I do believe they will do at some time, but hard to predict when.

The new space in T5 can't confirm exactly the space. We're still working with Rolex and Heathrow, it's a very, very prominent location. It's a multiple of size versus where we are today, it's double height. It's really going to be very, very impactful. We make some product available to your point of walking into empty stores, we want to make sure that that's not the case for this beautiful store we have, it's not quite the case today either with Rolex and T5 and T2, so we're working through all of that detail, but it's going to be a really nice store and I think a really part of what is a major refurbishment and upgrade that's happening with the luxury retail and T5.

CPO is our second biggest brand. We had ambitious goals that we told the market about for developing the CPO business and we are achieving those goals and we're only two years into the programme so let's see how big it becomes, but we are learning, we're developing, we're expanding presence, we're putting in more branded areas. I think very importantly our salespeople are getting a very good and very experienced at selling pre-owned, so we feel very good about it. It's a huge market in the US obviously, and it's a big and growing market in the UK and we have a very strong position in both markets.

Roberto Coin is our big focus in terms of getting into the branded jewellery category in a strong way. It's a huge market in the US and Roberto is a great brand with absolutely great product and we've got some ambitious plans as to how we're going to develop Roberto in that market and yes, we expect it become a bigger proportion. But we are not giving any numbers and we're not obviously talking beyond the current year where we've reiterated guidance, but we will be updating the market and all these growth initiatives in due time, but so far so good in them all.

Jon Cox: I wonder if I just follow up on the Rolex CPO, I seem to remember that long range plan from a year or so back I think is 20% of Rolex will be CPO in the US and 10% in the UK by FY28. You say that you are ahead of plan and you must be pretty close to those figures then?

Brian Duffy: What we've said and where we are is that we are in line with the ambitions on that plan and it was an ambitious plan and delighted that we're tracking very well with the expectations that we had of it. We will update the market in due time about all of our growth initiatives. As I say, so far, so good in them all.

David Hurley: The other thing I would say about the US numbers for the first half as well is that it wasn't just Rolex or Rolex CPO that supported the growth. You have the other part of our vintage business, but you've also got brands like Cartier that's been our fastest growing brand now for the last 2 to 3 years and there's a really healthy mix in terms of the sales across all brands and across all price points in the US.

Jon Cox: You mentioned updating the market, can I just push you a little bit on when that may be?

Brian Duffy: We don't have an exact date yet. We've a lot going on. We are working hard with our new colleagues at Hodinkee and Roberto Coin for example, and a lot of other projects. So as soon as we have a date, we'll obviously update the market, but we don't have an exact date yet.

Jon Cox: Thank you very much.

Brian Duffy: Sure.

Operator 1: Thank you sir. Next question will be given from Adrien Duverger of Goldman Sachs, please go ahead. Adrien, your line is open. Please ask your question.

Adrien Duverger: Sorry, can you hear me?

Brian Duffy: Yes we can.

Adrien Duverger: Good morning, Brian, Anders and Caroline, thank you very much for the colour you've provided so far. I have two questions if possible. So, the first one would be on the space contribution. So, we're seeing an exciting pipeline of projects with both openings and relocations. I wonder if you could help us understand the expected contribution from that space growth for this year and over the midterm in the UK and in the US. And my second question would be on the margin outlook. So, you reiterated the target for Adjusted EBIT margin to be flat to minus 100 bps. Could you help us with the different building blocks implied in there? So, I know that there must be some impact from some of the manufacturers taking some margin points from retail partners. There must be some impact from relatively recent acquisitions with Roberto Coin and Hodinkee and also if you could help us understand what we should expect in terms of seasonality for this year. Thank you very much.

Anders Romberg: In terms of our space contribution, it comes down to very much allocation of product from some of our key brands actually. So, we never give space, it's less relevant in our category than you will find in most other retail formats. In terms of our margin guidance for the year, obviously we haven't seen how some of the brands are going to respond to the tariffs. We've seen some actions taken and we've sort of modelled out various scenarios of pricing versus margin contraction versus some pricing and no margin contraction and I think we modelled through every possible scenario we could think of and at this point in time we feel that the margin guidance that we've given still holds water. We're up against some tougher comps in the second half in the US, we did have a few big boxes opening up, so we had Lenox in Atlanta, we had obviously Plano in Texas and we had Jacksonville come on stream.

So, the comps in the second half in the US market is going to be a little bit more tough. We are going to continue to spend a bit more on marketing throughout the year, which we think is driving new clients into the franchise, so underwrites our strategic growth plans, so all good. Ecommerce in the US has been off to a

really, really good start and is growing exponentially and however we're buying traffic in that sector in order to reach the scale where we're starting to get the drop through in terms of margin. So, it's somewhat dilutive as you go through that buildup phase and once we hook in the Hodinkee traffic, we expect that channel to become accretive.

Adrien Duverger: Thank you very much.

Operator 1: Thank you. Thank you for your question, sir. Next question will be coming from Piral Dadhania of RBC. Please go ahead.

Piral Dadhania: Okay, thank you. Morning everybody. Thanks for taking my questions. I have three fairly short ones. The first is on the UK consumer in the context of your current trading commentary. Could you maybe just give us an indication how the UK consumer has responded post the budget from a week or two ago, have you seen any inflection or change in consumer behaviour, change in traffic trends, change in conversion rates post the announcement of the UK budget? The second is on capital allocation. Maybe just a word on your pipeline for M&A, your acquisition spend in the last 3 to 4 years has been fairly sizable. It does feel like you're maybe de-emphasising the contribution from future M&A. I just wanted to understand where the priorities may be in that context and whether we should expect to step down in acquisition spend in the next year or two. And if not, and if that is the case, excuse me, then should we maybe also expect a new share buyback plan to be put in place as you think about the most efficient uses of your cash flow? And then the third and final question is just on feedback in relation to the multi-brand Mappin & Webb jewellery store concept, the multi-brand one, I think it's been a good few months now, could you maybe just give us a couple of words on how that's progressing and what learnings you can take away from that? Thank you.

Brian Duffy: Okay, thanks for your questions. UK consumer, November has been fine and like everybody we're concerned about the budget and the delay of the budget and certainly didn't help the moods of the country by any means, but post budget it's not got any worse I would say. And as we've reported, we've started the season well we have November behind us and the consumers behave in a normal fashion. We did anticipate maybe a bit more interest and value and so when we planned for the season we had a slight nuance towards offering a bit more value, particularly online and that is driving some good performance overall. So probably a bit more reassuring than might've been the case post budget, and the consumer behaving normally and we are happy with the business that we started the season with.

In terms of M&A, just to give you some numbers, I mean at the end for fiscal year 2025, our business split down in the US, 37% of the business was what we bought. Then 36% was us having doubled the value of the acquisitions or the sales or the acquisitions that we had made and then the balance was effectively from our new projects. So, as we go forward over \$1 billion now in the US, obviously as we go forward, acquisition remains a key part. We love what we've

done with Roberto Coin and Hodinkee, great people, great businesses and great compliments to our portfolio and we have big plans that we'll look forward to updating the market on when the time is right. And we remain active on strategic acquisitions; we have always had, and we still do have, active discussions that are going on. There's a bit more realism or pragmatism if you like with regards to valuations and we are confident that acquisitions will be a key part of our growth in the US market. Share buyback...Anders?

Anders Romberg: Yeah, I mean obviously as you've seen we are guiding towards £65 to £70 million of capex in our existing franchise and new projects during this year and that whole reset of our network is going to come towards the tail end once we finish off our next fiscal year and as a result the need for capital expenditure in that network is going to decline as a percentage of sales as we go forward. So yes, I mean we always look at deployment of our capital structure and we are a growth story and we continue to focus on that. In case we can't find any way to deploy our funds meaningful with good returns, then yes, share buybacks would be an option. It's something that we always discuss with our board.

Brian Duffy: And your last question, so we love the store that we opened in St. Ann's, a Mappin & Webb branded jewellery store. A fabulous team. We have to say our team did a great job I think in recruitment and training of the team. Great, great client response. Sales are building and obviously the month of December's going to be very important. But clients love the store, they love the downstairs area where we've got hospitality and client engagement and a fantastic portfolio of brands, many of which have never been available outside of London before. So, we feel very good about it.

Piral Dadhania: Thanks.

Operator 1: Thank you for your questions. We'll now move to Kate Calvert of Investec. Please go ahead.

Kate Calvert: Morning everyone. A couple from me. First question on Roberto Coin. You mentioned a positive response to the new ranges. Could you give a bit more colour on what has gone down well in the new ranges? And I'm just wondering how current is the stock in the wholesale channel? I mean is there much old stock in there or is it quite clean at the moment from your perspective? And I suppose I'm quite interested in your slightly wider thoughts on the US during market running into Christmas. I know it's a slightly different offer to Signet, but Signet were recently a bit more cautious on outlook for the holiday season, so I was wondering if you could give a bit more colour on that. And then my final questions on the UK, but you did see quite a negative mix effect from pre-owned growth I believe. So, if you continue to roll out the Rolex pre-owned, should we expect that negative effect to continue into FY27 or are we past the worst of it?

Brian Duffy: Okay. Okay, do you want to comment?

David Hurley: Yeah, I mean first of all in terms of the ranges or what's working quite honestly everything's been working at the moment in the first half of the year. We've got such a wide range of product and price points and we're proving it in our own stores first with the space expansions that we've done and elevating of the brand more than doubling the sales in the first half and we've seen a great positive response to new product that's gone out there as well. In terms of aging a product, we have no concerns in that area at the moment either in our stores or with our partners and we're really still in our infancy in terms of what we can do with Roberto Coin. So, we've proven it first in our own stores. We've more than doubled the sales and there's a lot more to do just within our own multi-brand environment.

We've opened up our first store in Hudson Yards, we open up our second tomorrow I think in Vegas. We're going to continue and I think it's an open door with some of our partners to expand the brand within the wholesale network as well. It just takes time in terms of agreeing to spaces and then building out the shop-in-shops. We've only just launched robertocoin.com and we've seen a positive response to that as the re-platforming of that from the old system to Shopify. So, a great response to the marketing campaign. So, we're very, very optimistic about the brand. I think going through the holiday season, but more particularly in the longer term as we roll out our strategy,

Brian Duffy: The package that we are able to bring to the market of putting great emphasis on the collections that Roberto and his team have designed. The two biggest collections are Love In Verona and Venetian Princess and obviously a good featuring of them in the advertising campaign so you naturally sell in more on the back of that and the sellout of those collections. That's also super positive. The last thing is we are in a very different market to Signet I would say, and the luxury branded jewellery market continues to be, it's the biggest one in the world per capita and in the absolute, we're delighted to be a part of it and it continues to be a very good so as we've continually said, so far so good on the season and we are reasonably upbeat about December.

Anders Romberg: In terms of the UK mix question, Kate, obviously yes, as we've accelerated our presence in the pre-owned business that had an adverse impact on our product margin. I think the step up that we've seen has been extraordinary in the UK, which is positive, is what we wanted so I think it's going to slow down in terms of dilution. The offset against which we are doing really well in some of our strategic partner brands. So, we've put more emphasis on a brand like Tissot for instance, which is margin accretive and we see some really good new product initiatives coming through in some of the other brands like TAG. So, I think the dilution impact on product margin is going to stabilise.

Kate Calvert: Great. Thanks so much. All the best for Christmas.

Brian Duffy: Thanks. Thank you Kate, you too.

Operator 1: Thank you ma'am. Ladies and gentlemen, once again if you have any questions or follow up questions please press star one at this time. We'll now go to Melania Grippo of BNP Paribas, please go ahead.

Melania Grippo: Good morning everyone. This is Melania Grippo from BNP Paribas. I've got two questions. One is on your waitlist. I was just wondering if you have seen any changes in terms of consumer behaviour and customer signing on it. And my second question is instead on price increases for 2026, what's your expectations in terms of brands increasing their prices for both watches as well as jewellery? Thank you.

Brian Duffy: On, sorry, the first question was waitlist, on registration of interest list. No big change to be honest. In the US we continue to net-net add names overall and pretty much all of the business if we so desire in the US could be going to people that are on the list. I think as we've reported to you before, we have some products in the UK that are not fully dependent upon the list. We make some availability of our product in the stores. Somewhere between 15% and 20% of the sales that we're now doing is from stock that's in store, which is a very healthy trend as far as we are concerned. So, I mean demand overall for the brands that we manage through ROI lists remains very, very strong overall. Price increases, yes, we've got to see what the brand response going to be to the 15% tariffs.

I think it's reasonable to assume that pricing is going to be an element of it. The 15% if you're going to recover it all through retail pricing, it'd be somewhere around 7.5%, 8%, something like that. We really don't know at this point, but I think it's reasonable to assume that pricing is going to be there. Will it all be in the US or will it more likely I think be spread in different markets? I think probably that's the case, but we don't assume any pricing in our numbers going forward. But yeah, my bet would be that there'll definitely be pricing activity as it always is in January, but it will take into account the tariff situation.

Kate Calvert: Thank you.

Operator 1: Thank you very much Melania. As we have no further audio questions, Scott, returning the call over to you for any questions submitted by webcast. Thank you.

Operator 2: Thanks very much George. And we've had a few questions submitted through the webcast. First is from Deborah Aitken from Bloomberg. The question is: US market profitability has grown quickly considering the company is still deep in restructure and expansion. Can you give us your mid-term view on profit potential from the US market given it's less mature and with jewellery still to build its share in your total revenue mix there?

Brian Duffy: One thing I would say is that we really have moved beyond the period of having to build, and our organisation resources in the US support from the UK. We

clearly have done an amazing job to go from pretty much nothing to the billion-dollar business that we have today. We have invested in resources with our head office down in Fort Lauderdale, offices up in New York. Another very obvious example of that clearly is localising the ecomm team that we were previously supporting out of the UK. But we really added to the resources and the infrastructure and feel very, very good about how the business has been managed on a day-to-day basis. We've obviously got our best man on it here, the guy to my right, but they're really doing a great job and our team between the UK and the US teams, how we've managed the growth of supporting our business and the operational excellence that we achieve. I'm really very impressed by and very, very pleased with. We will, again, we'll talk to the market about where we are headed going forward. We wouldn't give any midterm indications today, but it's [59]% of our profits now coming out the US that there clearly has been leverage at the store level with the strength of the market and the market share gains that we've made and it's a great growth prospect for us both in terms of top line and profitability.

Operator 2: Thank you for that. Follow-on question from Deborah. Can you share with us plans with some of your key brands, pipeline and projects and timings and are any areas which have not delivered as expected where strategy re-think might be sought in fiscal 2027?

Brian Duffy: Yeah, we prefer not to talk about specific projects at a brand level. We have listed the projects that we've got coming up for the current year, looking at them as a group, we get good paybacks. Overall, it's been a cornerstone of what we've done over this last 10, 11 years and it continues to be the case. Of course, there'll be some projects that don't quite hit the expectations that we had set for them. Fortunately, there are not too many and we look at the overall mix of what we've achieved. There are more in which we would say we'd probably overperformed versus our financial criteria than underperformed, but we wouldn't talk about specific projects that way. If you want to add anything?

Anders Romberg: No, I think obviously with acquisition or Roberto Coin and obviously we've done the segment reporting so you can all read; if we can get that brand to accelerate growth, of course it's very accretive for our profitability. There's no secret there. So that remains a high-level priority obviously for us. And we have a few things that we are investing in that currently aren't accretive like an ecomm proposition in the US market that today is dilutive for profit, but long-term probably will be accretive as we have it in the UK. So, we'll see.

David Hurley: I think, yeah, we're eight years young in the US. Some of our stores are running open a couple of months. We're continuing to develop our client base. We're continuing to understand better and better what they need. We're continuing to add new clients. We're making sure that for the super high demand product that we have, we're giving a significant percentage to new clients. So, a lot more that we can do to develop that. Events have been and continue to deliver more and more, in terms of our ROI. We did some fantastic events this year. Brian mentioned the Porsche event, the Venetian Ball that we did with Roberto Coin

just at the end of the half and there's still some - Brian talked about the growth that we've got from obviously acquisitions and then how we've developed them and some of the acquisitions that we've done, we've yet to fully mature. Betteridge, for example, we've refurbished one of the stores in Vail, which is fantastic, but we still have the full store in Greenwich to do. Aspen to do as of yet. And Hodinkee and Roberto Coin are obviously just in very early stages. So just a matter of planning it out and executing it.

Operator 2: Super. That's the end of the questions we have at the present time. Maybe Brian, if we could hand back to yourself for closing remarks.

Brian Duffy: Okay, thank you. Thank you David and Anders as well. Thanks for all your questions. We are really pleased about our first half. Pleased about our second, start of the second half. Overall, I think it's clear that the category that we are in is a very resilient category that we can see here in the UK. It's an underdeveloped category in the US, I think that's clearly proven and very much responding to investment from us and others in the market and very well positioned for growth. So very happy at what we've done. Happy about the start of the second half. Delighted with the job that our teams are doing across both our markets, UK and US. And I appreciate you all joining us this morning. Thank you.