

5 December 2024



Watches of Switzerland Group PLC
H1 FY25 Results
for the 26 weeks to 27 October 2024 (H1 FY25)

In-line H1 performance reflecting improved trading and good momentum in Q2
Full Year guidance unchanged

Brian Duffy, Chief Executive Officer, said:

"We are pleased to report H1 FY25 revenue growth of +4% in constant currency¹ reflecting an encouraging improvement in trading in Q2, driven by growing demand in the UK and US, and consistent growth in client registration lists, along with the acquisition of Roberto Coin in the period.

"As previously outlined, in Q1 we increased showroom stock levels of key brands to enhance displays and client experience, particularly in the US. With the stock rebuild complete, in Q2 we drove significantly improved US revenue of +24% (constant currency) and revenue in the UK market turned positive. Price increases from brands in the half have been modest, and this has also positively influenced consumer sentiment. Consequently, overall Group revenue increased +11% in Q2, in constant currency.

"Our newly acquired Roberto Coin business in North America has traded strongly since acquisition and is now making a good contribution to our Group. Integration is progressing well, and growth plans are underway. We are also encouraged by the performance of the Rolex Certified Pre-Owned programme and the sustained growth in our overall pre-owned business. Additionally, we acquired Hodinkee, a leading global digital platform for luxury watch enthusiasts, further strengthening our online sector leadership. Integration is progressing in line with our expectations.

"Q3 trading has started encouragingly, and we have continued with our showroom transformation programme. Looking ahead, key showroom openings in H2 include the flagship Rolex boutique in Old Bond Street, London; Audemars Piguet Town House, Manchester; Rolex introduction in Plano, Texas, and a reintroduction in Jacksonville, Florida; and the conversion of Mayors Lenox, Atlanta, to a Rolex mono-brand boutique. Our trading momentum through November, visibility of intake and second half opening of large showroom investments support our full year guidance, which is unchanged.

"This year marks the centenary of Watches of Switzerland, celebrated with a number of exclusive products, and we extend our gratitude to our colleagues for their unwavering dedication and exceptional client service throughout the year."

(£million)	26 weeks ended 27 October 2024	26 weeks ended 29 October 2023	YoY change Reported rates	YoY change Constant currency
Group revenue	785	761	3%	4%
UK and Europe	430	433	(1%)	(1%)
US	355	328	8%	11%
Adjusted EBITDA¹	87	94	(7%)	
<i>Adjusted EBITDA margin¹</i>	<i>11.1%</i>	<i>12.3%</i>	<i>(120bps)</i>	
Adjusted EBIT¹	66	73	(10%)	(9%)
<i>Adjusted EBIT margin¹</i>	<i>8.4%</i>	<i>9.6%</i>	<i>(120bp)</i>	

Adjusted basic EPS ¹ (p)	18.1	21.5	
Statutory operating profit	60	78	(23%)
Statutory profit before tax	41	67	(39%)
Statutory basic EPS (p)	12.2	19.8	
Free cash flow ¹	28	57	
Return On Capital Employed ¹	16.5%	23.9%	
Net (debt)/cash ¹	(120)	16	

H1 FY25 Financial Highlights

- Group revenue £785 million, +4% at constant currency, +3% at reported rates on prior year
- Sequential revenue improvement with Q1 FY25 -2% and Q2 FY25 +11% in constant currency, with a strong start to Q3 ahead of the holiday trading period
 - Luxury watch² revenue -2% in constant currency, -3% reported. As anticipated, revenue was impacted by one-off increases in showroom stock levels to enhance displays and client experience in Q1 FY25, particularly in the US
 - Luxury watches represent 83% of Group revenue, a reduction of 500 bps due to Roberto Coin increasing the mix of jewellery
 - Demand for our key brands, particularly products on Registration of Interest lists, continued to be strong
 - Certified Pre-Owned and vintage is performing strongly, with Rolex Certified Pre-Owned becoming the Group's second biggest luxury watch brand
 - Luxury jewellery² revenue +104% in constant currency, +103% reported, driven by the acquisition of Roberto Coin which contributed £51 million of revenue in the period
 - Group luxury jewellery revenue excluding Roberto Coin was -6% with positive trends in the UK market (+4%). US luxury jewellery revenue was impacted by the squeeze on the commodity bridal category and prior year clearance activity
 - Luxury branded jewellery significantly outperformed non-branded jewellery, with double digit growth within our retail and online estate
 - Group ecommerce revenue² -10% on prior year, in line with market trends. US ecommerce revenue was in growth for the period
- US revenue of £355 million, +11% at constant currency, +8% reported
 - Sequential revenue improvement from Q1 FY25 -1% to +24% Q2 FY25 in constant currency
 - Stock build for key brands completed in Q1 FY25
- UK and Europe revenue of £430 million -1% on prior year
 - Continued stabilisation of the UK market in both luxury watches and jewellery, following a period of volatile conditions in the prior financial year
 - Sequential revenue improvement from Q1 FY25 -4% to Q2 FY25 +2%
- Adjusted EBIT of £66 million, -9% in constant currency, -10% reported on prior year
 - Adjusted EBIT margin 8.4% (H1 FY24: 9.6%), due to product mix and lack of leverage of fixed costs
- Statutory operating profit £60 million (HY FY24: £78 million), -23% on a reported basis
- Free cash flow of £28 million (H1 FY24: £57 million) with conversion of 32% (H1 FY24: 60%); reduction driven by the seasonal increase in working capital for Roberto Coin and timing of supplier payments. Expected c.70% free cash flow conversion¹ for the full year
- Continued investment in showrooms, with expansionary capital expenditure² of £44 million. A number of key showroom projects to open in the second half of the year
- Net debt of £120 million as of 27 October 2024 (29 October 2023 net cash: £16 million), reflecting the acquisitions of Roberto Coin Inc. and Hodinkee

H1 FY25 Operating Highlights

- Market share gains in both the UK and US as a result of our differentiated offering and investments
- Integration of Roberto Coin progressing to plan. Positive feedback from the network of retail partners, with sell-in and sell-out data encouraging
 - Actively negotiating new mono-brand boutiques in the US, shop-in-shop concept for retail partners, alongside department store concession models. Website upgrade in progress
 - Strong revenue growth from the Roberto Coin brand within US WOSG showrooms, particularly following the installation of elevated displays
- Exclusive and first-to-market watch product with a number of brands including Cartier, Breitling, TAG Heuer and Patek Calatrava

BVLGARI

- UK exclusive luxury branded jewellery launches of David Yurman and Repossi
- On 3 October 2024, the Group acquired the editorial, insurance and limited edition businesses from Hodinkee, the pre-eminent global digital editorial content provider and gateway for luxury watch enthusiasts. This acquisition will help drive online leadership
 - Direct link in place driving Hodinkee traffic to Watches of Switzerland US website
 - Upgrade of US website underway, completing in the second half
 - Integration is progressing in line with our expectations
- Significant progress on key showroom projects
 - Completed projects in H1 FY25:
 - Opening of new 2,000 sq. ft Patek Philippe room in Betteridge Greenwich, Connecticut
 - New Mappin & Webb, Edinburgh
 - Expansion of Watches of Switzerland Oxford Street, London
 - Relocations of Goldsmiths Cheltenham and Milton Keynes, our first Ernest Jones project
 - Projects to complete in H2 FY25:
 - Conversion and expansion of Watches of Switzerland Fenchurch Street, London from Mappin & Webb
 - New flagship Rolex boutique Old Bond Street, London
 - Relocation and introduction of Rolex and Cartier to Watches of Switzerland Plano, Texas
 - Relocation and reintroduction of Rolex to Mayors Jacksonville, Florida
 - Conversion of Mayors Lenox, Atlanta to a Rolex boutique
 - Relocation of Mayors Tampa, Florida
 - Expansion of Betteridge Vail, Colorado
 - New Watches of Switzerland Ross Park, Pittsburgh
 - Audemars Piguet Townhouse, Manchester to be operated as a joint venture
 - Projects to complete in early FY26:
 - Mappin & Webb luxury jewellery boutique, Manchester, including our first De Beers mono-brand boutique
- Progress made on the exit from Europe. Two showrooms closed in the period and four sold to brand partners. Agreements to sell a further two boutiques to brand partners in H2 FY25. This will leave one European mono-brand boutique in the Republic of Ireland
- Accredited as a Great Place to Work employer in the UK and US, and Living Wage Employer in the UK

Outlook

- FY25 guidance unchanged, underpinned by sequential trading improvement, visibility of intake and the large showroom projects opening in the second half of the year. We are well positioned for a good holiday trading period, having made an encouraging start in November
- 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 provides the following FY25 guidance on a pre-IFRS 16 basis, assuming a £/ 1.26 exchange rate:
 - Revenue: £1.67 - £1.73 billion, growth of 9% - 12% at constant currency
 - Adjusted EBIT margin %: +0.2 to +0.6 percentage points expansion from FY24
 - Total finance costs: c.£13 million, reflecting additional financing for Roberto Coin Inc. acquisition
 - Underlying tax rate: 28% - 30%
 - Capex: £60 - £70 million
 - Free cash flow conversion: c.70% weighted towards H2 in line with the seasonal pattern

The equivalent guidance on an IFRS 16 basis is:

- Adjusted EBIT margin %: +0.2 to +0.6 percentage points expansion from FY24
- Total finance costs: £37 - £41 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 FY24 was £/ 1.26. FY25 guidance assumes a £/ 1.26 exchange rate, with a five cent move resulting in an adjustment of c.£30 million to full year Group revenue and c.£4 million on full year Adjusted EBIT, on a pre-IFRS 16 basis

H1 FY25 Revenue Performance by Geography

	H1 FY25	H1 FY24	H1 FY25 vs H1 FY24	
(£m)	26 weeks to 27 Oct 2024	26 weeks to 29 Oct 2023	Reported YoY %	Constant currency YoY %
UK and Europe	430	433	-1%	-1%
US	355	328	+8%	+11%
Group Revenue	785	761	+3%	+4%

H1 FY25 Revenue Performance by Category

	H1 FY25	H1 FY24	H1 FY25 vs H1 FY24	
(£m)	26 weeks to 27 Oct 2024	26 weeks to 29 Oct 2023	Reported YoY %	Constant currency YoY %
Luxury watches	649	670	-3%	-2%
Luxury jewellery	95	47	+103%	+104%
Services/other	41	44	-9%	-8%
Group Revenue	785	761	+3%	+4%

H1 FY25 Results Presentation

A webcast conference call for analysts and investors will be held at 9.00am (UK time) today to announce the H1 FY25 results. To join the call, please use the following details:

Webcast details:

Register at: <https://brrmedia.news/WOSGH1FY25>

Conference call dial-in details:

United Kingdom: +44 (0) 33 0551 0200

United Kingdom (Toll-Free): 0808 109 0700

Password: WOSG H1

Contacts

The Watches of Switzerland Group

Anders Romberg, CFO

+44 (0) 207 317 4600

Caroline Browne, Group Finance Director

+44 (0) 1162 817 420

investor.relations@thewosgroup.com

Headland

Lucy Legh / Rob Walker / Scarlett Hateley

+44 (0) 20 3805 4822

wos@headlandconsultancy.com

About the Watches of Switzerland Group

The Watches of Switzerland Group is the UK's largest luxury watch retailer, operating in the UK, US and Europe comprising seven prestigious brands; Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK), Mayors (US), Betteridge (US), Analog:Shift (US) and Hodinkee (US), with a complementary jewellery offering. From 8 May 2024, the Group also owns the exclusive distribution rights for Roberto Coin in the USA, Canada, Central America and the Caribbean.

As at 27 October 2024, the Watches of Switzerland Group had 217 showrooms across the UK, US and Europe including 95 dedicated mono-brand boutiques in partnership with Rolex, OMEGA, TAG Heuer, Breitling, TUDOR, Audemars Piguet, Longines, Grand Seiko, Roberto Coin, 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

The Group performed in line with expectations in the first half of the year and we are pleased to see sequential improvement in trading in both our markets. Group revenue was £785 million, +4% in constant currency, +3% in reported rates, with Q2 FY25 improving to +11% in constant currency from -2% in Q1 FY25. Profitability was impacted by the lack of leverage, which will reverse in the second half of the year.

Demand for our key brands, particularly products on Registration of Interest lists, continued to be strong. Luxury watches revenue was -2% in constant currency, -3% reported. As anticipated, revenue was impacted by one-off increases in showroom stock levels to enhance displays and client experience in Q1 FY25, particularly in the US. The UK market showed continued stabilisation, following a period of challenging macroeconomic conditions in the prior financial year.

Following the launch of Rolex Certified Pre-Owned in the prior year, the pre-owned category continues to grow. Certified Pre-Owned and vintage is performing strongly, with Rolex Certified Pre-Owned becoming the Group's second biggest luxury watch brand. The range of product offered in showrooms is significantly greater than our competitors and has enabled strong growth in the period with further opportunity to expand the category through merchandising and advertising. We are looking forward to the introduction of Rolex Certified Pre-Owned window displays and in-store formats. Rolex Certified Pre-Owned is currently available in 24 agencies in the UK, 19 in the US, and online.

Luxury jewellery revenue +104% in constant currency, +103% reported, where Roberto Coin contributed £51 million of revenue in the period. Group luxury jewellery revenue excluding Roberto Coin was -6% with positive trends in the UK market (+4%). US luxury jewellery revenue was impacted by the squeeze on the commodity bridal category and prior year clearance activity. Luxury branded jewellery significantly outperformed non-branded jewellery, with double digit growth within our retail and online estate.

Our 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 from Cartier, Breitling, TAG Heuer and BVLGARI. We are also pleased to bring new, exclusive luxury branded jewellery partnerships to the UK and US markets.

UK business with David Yurman and Repossi.

We are delighted to be accredited as a Great Place to Work employer and the fact that we have made the list of Certified Great Places to Work in both of our US and UK regions in our first year of entry is testament to the hard work, passion and team spirit of all of our colleagues who work hard to deliver positive outcomes for our clients. It is wonderful to see how proud our colleagues are to work for our Group and how included they feel when they join and continue to develop their careers with us.

We have continued to invest in our showroom network in both markets, with significant progress made on key projects such as the flagship Rolex boutique on Old Bond Street, London, Audemars Piguet Townhouse, Manchester and Mappin & Webb Luxury Jewellery Boutique, Manchester. We have started the renovation of our recently acquired Betteridge showrooms with the expansion of Vail, Colorado opening in December 2024 and recently opened a new 2,000 sq. ft Patek Philippe room in Greenwich, Connecticut, with the rest of the showroom refurbishment to be completed in FY26. The first half of the year also saw us complete our first Ernest Jones project, with the relocation of Goldsmiths Milton Keynes. The second half of the year will also see the introduction of a new Rolex agency in Watches of Switzerland Plano, Texas and the relocation and reintroduction of Rolex in Jacksonville, Florida; along with the conversion of Mayors Lenox, Atlanta into a Rolex mono-brand boutique and the relocation of Mayors Tampa, Florida.

The integration of Roberto Coin, which we acquired on 8 May 2024, is progressing to plan. We have spent significant time getting to know the excellent Roberto Coin team and have been collaborating on a number of new initiatives. These include actively negotiating new mono-brand boutique locations, designing a new shop-in-shop concept for our retail partners, alongside discussing potentially moving to a concession model with department store partners. We are also in the process of upgrading the Roberto Coin ecommerce site, which should be completed in H2, and initiating a new marketing campaign. Feedback from the network of retail partners has been positive post-acquisition, and sell-out data is encouraging. We continue to see the Roberto Coin brand perform well within our own network of showrooms, particularly following the installation of elevated displays.

I am also delighted to welcome our new colleagues from Hodinkee, which we acquired on 3 October 2024. Hodinkee has become the go-to, global destination for luxury watch enthusiasts offering digital print and video content, limited edition watch collaborations alongside watch and jewellery insurance services. We have successfully integrated Hodinkee's commercial activities; their growing, engaged online traffic is being directed to the Watches of Switzerland US ecommerce site. We are excited to see Ben Clymer, Hodinkee's founder, returning to lead the operations of Hodinkee for the first time since he ceded his role as CEO in December 2020. Hodinkee will continue to have editorial independence as a leading editorial media organisation. This will protect Hodinkee's impartial journalism, ensuring the continued creation of unmatched editorial content presented through Hodinkee's unique voice and lens.

From a macropolitical standpoint, the uncertainty around the UK Budget and US election is now behind us, and we believe this will be positive for consumer sentiment. In the UK, we are disappointed that VAT free shopping for tourists has not yet been reinstated. The growing evidence suggests that UK business is significantly negatively impacted by this, with tourist shopping moving to other major European cities.

Finally, 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.

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 27 October 2024	26 weeks to 29 October 2023	YoY variance
Revenue	784.8	761.4	3.1%
Operating profit	60.2	78.0	(22.9)%
Net finance cost	(19.7)	(11.5)	(70.3)%
Profit before taxation	40.5	66.5	(39.1)%
Taxation	(11.6)	(19.5)	40.7%
Profit for the financial period	28.9	47.0	(38.5)%
Basic earnings per share	12.2p	19.8p	(38.4)%

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 27 October 2024	26 weeks to 29 October 2023	YoY variance
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Income Statement – pre-FY25 and exceptional items (million)	27 October 2024	27 October 2023	YTD variance
Revenue	784.8	761.4	3.1%
Net margin ¹	284.3	280.1	1.5%
Showroom costs	(141.6)	(137.2)	(3.2%)
4-Wall EBITDA ¹	142.7	142.9	(0.1%)
Overheads	(50.6)	(43.4)	(16.7%)
EBITDA ¹	92.1	99.5	(7.4%)
Showroom opening and closing costs	(4.8)	(5.5)	13.3%
Adjusted EBITDA ¹	87.3	94.0	(7.1%)
Depreciation, amortisation and loss on disposal of fixed assets	(21.1)	(20.6)	(2.7%)
Segment profit (Adjusted EBIT ¹)	66.2	73.4	(9.8%)
Net finance costs	(7.3)	(1.5)	(374.7%)
Adjusted profit before taxation ¹	58.9	71.9	(18.1%)
Adjusted earnings per share ¹	18.1p	21.5p	(15.8%)

Revenue

Revenue by geography and category

26 weeks to 27 October 2024 (£million)	UK and Europe	US	Total	Mix
Luxury watches	367.3	281.6	648.9	83%
Luxury jewellery	29.4	16.2	45.6	6%
Luxury jewellery wholesale	-	51.8	51.8	6%
Eliminations	-	(2.0)	(2.0)	-
Services/other	33.2	7.3	40.5	5%
Total revenue	429.9	354.9	784.8	100%

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%

Group revenue of £785m increased by +4% at constant currency, +3% at reported rates from prior year, with sequential improvement from Q1 FY25 (-2%) to Q2 FY25 (+11%) in constant currency.

Group revenue from luxury watches declined by -2% in constant currency, -3% reported on the prior year. As anticipated, revenue was impacted by one-off increases in showroom stock levels to enhance displays and client experience in Q1 FY25, particularly in the US.

Luxury watch revenue made up 83% of Group revenue versus 88% in H1 last year, with the acquisition of Roberto Coin Inc. in the period contributing to a higher luxury jewellery mix.

Group luxury jewellery revenue more than doubled versus the prior year, with the acquisition of Roberto Coin contributing £51 million of revenue in the period. Group luxury jewellery excluding Roberto Coin declined by -5% in constant currency, -6% reported on the prior year, with positive trends in the UK market (+4%). In the prior year, there was significant clearance of luxury jewellery stock at lower margins in the US. In the current year we maintained strong margins in our US luxury jewellery category.

The majority of luxury jewellery sold by the Group is retailed under our house brands of Goldsmiths, Mappin & Webb, Mayors and Betteridge. Our strategy is to grow our luxury branded jewellery offering, where we partner with other major luxury jewellery brands. Luxury branded jewellery revenue continues to significantly outperform non-branded jewellery, with double digit growth within our retail and online estate.

On 8 May 2024, the Group signed and completed the acquisition of the entire share capital of Roberto Coin Inc., the exclusive distributor of Roberto Coin in the US, Canada, Central America and the Caribbean. Revenue in the period was £51 million, in line with expectations. The business continues to work positively with retail partners post-acquisition and demand remains robust ahead of the key holiday period.

Group ecommerce revenue declined by -10% compared to the prior period, impacted by the mix of products sold through this channel, the US market was in growth for the period. We continue to be the market leader in ecommerce for luxury watches and jewellery in the UK and are growing our proposition in the US. On 3 October 2024, the Group completed the acquisition of the editorial, insurance and limited edition businesses of Hodinkee, the pre-eminent global digital editorial content provider to support our Long Range Plan objectives to leverage sector leadership online.

US revenue increased by +8% year-on-year (+11% on a constant currency basis) to £355 million and the US business made up 45% of the Group's revenue in H1 FY25 (H1 FY24: 43%). Revenue and EBIT margin growth was driven by the Roberto Coin

up 15% of the Group's revenue in H1 FY25 (H1 FY24: 15%). Revenue and EBIT margin growth was driven by the Roberto Coin acquisition. Underlying revenue (excluding Roberto Coin Inc.) was impacted by one-off headwinds in the first half and saw sequential improvement through the period.

UK and Europe revenue declined by -1% during the period but showed an improving trend in Q2 FY25. Luxury watch revenue was -3% in Q1 but improved to +2% in Q2. Luxury jewellery revenue returned to a positive trend in the second quarter, with revenue +4% in H1 FY25.

Sales in the UK were driven by domestic clientele and tourist sales continue to remain low, particularly due to the absence of VAT free shopping for tourists in the UK.

During the period, we opened one multi-brand business in Edinburgh under the Mappin & Webb brand and closed four non-core showrooms in the UK, giving a net reduction of three. In the period, three projects were completed enhancing our existing estate to further elevate the partner brands we display in those showrooms and advance our client experience; our Watches of Switzerland Oxford Street showroom was expanded and our Goldsmiths showrooms in Cheltenham and Milton Keynes were relocated. Milton Keynes represents the first upgrade of Ernest Jones showrooms acquired in the prior year.

Significant progress has been made on our exit from Europe. Two showrooms closed in the period and four sold to brand partners. Agreements in place to sell a further two boutiques to brand partners in H2 FY25. This will leave one European mono-brand boutique in the Republic of Ireland.

Profitability

Income Statement - pre-IFRS 16 and exceptional items (£ million)	Profitability as a % of revenue		
	26 weeks to 27 October 2024	26 weeks to 29 October 2023	YoY variance
Net margin ¹	36.2%	36.8%	(60bps)
Showroom costs	18.0%	18.0%	-
4-Wall EBITDA ¹	18.2%	18.8%	(60bps)
EBITDA ¹	11.7%	13.1%	(140bps)
Adjusted EBITDA ¹	11.1%	12.3%	(120bps)
Adjusted EBIT ¹	8.4%	9.6%	(120bps)

Net margin as a % of revenue was 36.2% in the period. The reduction in margin reflects adverse product mix, partly offset by savings on Interest Free Credit costs from lower participation and a reduction in average term time.

Showroom costs increased by £4.4 million (+3.2%) from the prior year, to £141.6 million. The increase in costs reflects the annualisation of prior year openings, including acquisitions, and the additional costs of leases for relocated or expanded showrooms. This was partly offset by efficiencies found within showroom payroll and digital marketing investment, which continues to maximise traffic and conversion versus cost.

Overheads increased by £7.2 million (+16.7%) due to the acquisition of Roberto Coin Inc. (£8.2m), partly offset by tight management of the cost base.

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 £4.8 million versus £5.5 million in H1 FY24, reflecting timing of refurbishments and new showroom openings.

Exceptional administrative items

The Group presents as exceptional items, on the face of the Interim Condensed 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 27 October 2024	26 weeks to 29 October 2023
Business acquisition costs	0.7	0.6
Rolex Old Bond Street	2.4	-
Impairment of property, plant and equipment (IFRS 16)	6.2	1.2
Impairment of right-of-use assets (IFRS 16)	7.2	1.9
Total	16.5	3.7

Business acquisition costs

Professional and legal expenses related 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.

Rolex Old Bond Street

A new 6,000 sq. ft (selling space) showroom is being built in partnership with Rolex. This new flagship will be our largest Rolex showroom and reflects the importance of the London market and the special relevance of London to the history of Rolex. The cost shown here is the IFRS 16 depreciation and interest costs whilst the showroom is being constructed. They are deemed to be exceptional in nature given that this unique proposition results in a project size and complexity significantly outside of a standard build, coupled with documented project delays outside of the Group's control. The showroom is due to open at the end of FY25.

Showroom impairment

The current macroeconomic environment, high interest rates and inflationary landscape gave rise to indicators of impairment in the current period. Consequently, discounted cashflows were performed on all Cash Generating Units (CGUs) with indicators of impairment. This resulted in a non-cash impairment charge of £13.4 million of which £7.2 million related to right-of-use assets.

Finance costs

Net finance costs (£million)	26 weeks to 27 October 2024	26 weeks to 29 October 2023
Pre-IFRS 16 net finance costs, excluding exceptionals	7.3	1.5
IFRS 16 interest on lease liabilities	11.1	10.0
Total net finance costs, excluding exceptionals	18.4	11.5

Interest payable on borrowings increased, primarily as a result of additional lending for acquisitions, the most significant being the Roberto Coin Inc. acquisition in May 2024, and the Ernest Jones acquisition in November 2023. The impact was an increase in the pre-IFRS 16 interest charge of £5.8 million to £7.3 million.

The IFRS 16 interest on lease liabilities increased by £1.1 million due to recent additions to the lease portfolio.

Details of a further £1.3 million of exceptionals finance costs are given in note 4 of the Interim Condensed Consolidated Financial Statements.

Taxation

The pre-IFRS 16 effective tax rate for the period was 28.4% and 28.5% 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)	27 October 2024	28 April 2024	29 October 2023
Goodwill and intangibles	301.3	215.7	202.8
Property, plant and equipment	203.5	191.4	185.5
Right-of-use assets	369.0	381.8	402.6
Inventories	477.1	393.3	399.7
Trade and other receivables	59.1	24.6	22.3
Trade and other payables	(270.3)	(216.5)	(250.7)
Lease liabilities	(454.3)	(460.4)	(459.6)
Net (debt)/cash	(119.5)	0.7	16.1
Other	(18.3)	(7.6)	(2.9)
Net assets	547.6	523.0	515.8

Goodwill and intangibles increased by £85.6 million in the period, driven by £90.8 million of additions from acquisitions, offset by an unfavourable exchange impact. £1.7 million of computer software additions were made in the period as part of ongoing IT developments, which was offset by amortisation of £1.1 million.

Property, plant and equipment increased by £12.1 million in the period. Additions of £43.1 million (including £1.0 million from acquisitions), were offset by depreciation of £19.5 million, impairments of £6.2 million, disposals of £2.8 million, and an unfavourable exchange impact of £2.5 million. The disposals shown are the sale of four Swedish mono-brand boutiques to brand partners.

Including software costs, which are disclosed as intangibles, capital additions (including accruals) were £44.8 million in the period (H1 FY24: £49.9 million) of which £43.2 million (H1 FY24: £48.3 million) was expansionary. Expansionary capex relates to new showrooms, relocations or major refurbishments (defined as costing over £250k). In the period, the Group opened one new showroom, acquired four showrooms from Roberto Coin Inc. and refurbished or relocated four 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 decreased by £12.8 million in the period, to £369.0 million. Additions to the lease portfolio along with lease renewals or other lease changes were £28.2 million. This was offset by depreciation of £28.8 million, impairments of £7.2 million, and an unfavourable exchange impact of £5.0 million.

Lease liabilities decreased by £6.1 million in the period. The portfolio changes noted above increased the lease liability by £26.0 million. Interest charged on the lease liability was £12.4 million along with a favourable exchange impact of £5.9 million. Lease payments were £38.6 million, giving a closing lease liability balance of £454.3 million.

Inventory levels increased by £77.4 million compared to H1 FY24. Inventory acquired from Roberto Coin Inc. was £49.7 million, and from Ernest Jones showrooms was £25.3 million. We are well stocked for the holiday season.

Trade and other receivables increased by £36.8 million compared to H1 FY24. The HY25 balance includes £20.1 million in relation to Roberto Coin Inc., together with £10.3m of cash balances held in third party escrow accounts linked to acquisition spend. The remaining increase is reflective of higher prepayments and receivables, in part due to timing of payments at the half year, in addition to increases as the business continues to grow.

Trade and other payables increased by £19.6 million compared to H1 FY24. The HY25 balance includes £21.0 million in relation to Roberto Coin Inc., and £10.3 million of acquisition balances held in third party escrow accounts as noted above. This increase is offset by a lower supplier payable.

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

Net debt and financing

Net debt on 27 October 2024 was £119.5 million, an increase of £120.2 million since 28 April 2024. The main driver was the total acquisition consideration paid of £106.9 million in the period. Cash EBITDA of £89.0 million has been utilised through an investment in working capital of £41.6 million, capex spend of £45.2 million, tax payments of £11.6 million, and loan interest payments of £5.6 million.

Net debt post-IFRS 16 was £572.3 million. The value comprises the pre-IFRS net cash of £119.5 million and the £454.3 million lease liability, offset by capitalised transaction costs of £1.5 million. The balance increased by £114.3 million in the period, driven by the acquisition consideration as noted above.

On 23 February 2024, the Group agreed a new 115.0 million term facility agreement for use in relation to the Roberto Coin Inc. acquisition. This facility was drawn down in May 2024 to allow cash settlement of the acquisition consideration on 8 May 2024.

The Group's maximum amount available under its committed facility was £313.7 million at 27 October 2024.

Facilities held	Expiring	Amount (million)
Multicurrency revolving loan facility - UK SONIA + 1.50% to +2.55%	May 2028	£225.0
£115m term facility - US SOFR +1.50% to 3.25%	February 2026	115.0

The Group has commenced the process to replace the short term 115.0 million term facility with longer term funding in FY25. Based on latest discussions with lenders the directors have a reasonable expectation that the refinancing will complete.

£230.0 million of these facilities were drawn down at 27 October 2024. Liquidity headroom (defined as unrestricted cash plus undrawn available facilities) was £177.3 million.

Cash Flow

Cash Flow (£million)	26 weeks to 27 October 2024	26 weeks to 29 October 2023
Adjusted EBITDA	87.3	94.0
Share-based payments	11.7	11.9

Other cash payments	4.7	4.7
Working capital	(41.6)	(8.3)
Pension contributions	(0.3)	(0.3)
Tax	(11.6)	(23.2)
Cash generated from operating activities	35.5	64.1
Maintenance capex	(1.6)	(1.7)
Interest	(5.6)	(5.7)
Free cash flow	28.3	56.7
Free cash flow conversion	32.4%	60.3%
Expansionary capex	(43.6)	(47.8)
Acquisitions	(106.9)	-
Purchase of own shares	-	(7.2)
Repayment of term loan	-	(120.0)
Proceeds from multi-currency revolving loan facility	26.4	70.0
Proceeds from 115m term loan	91.6	-
Costs directly attributable to raising new loan facility	(0.3)	(2.2)
Disposal of property, plant and equipment	2.7	-
Exceptional items	(2.7)	(0.6)
Cash flow	(4.5)	(51.1)

Free cash flow reduced by £28.4 million to £28.3 million in the period to 27 October 2024, and free cash flow conversion was 32.4% compared to 60.3% in the prior year.

Cash flow from trading (Adjusted EBITDA, decreased by £6.7 million), and an increased working capital outflow of £33.3 million, was partly offset by reduced tax payments on account of £11.6 million. The working capital movement difference year-on-year is linked to the seasonality of our new US wholesale business, which both increased inventory (£6.2 million) and trade receivables (£10.4 million) as inventory is sold to showrooms to sell ahead of the holiday season, along with the timing of payments across the rest of the Group. We expect this working capital build to unwind in the second half of the year, with free cash flow conversion c.70% for the full year.

Expansionary cash capex of £43.6 million was lower than the prior year which saw a higher proportion of spend in the first half of the year.

Acquisition cash spend of £106.9 million was financed by a new 115.0 term loan in addition to the Group's existing facilities.

Return on Capital Employed (ROCE)

	26 weeks to 27 October 2024	26 weeks to 29 October 2023
ROCE	16.5%	23.9%

ROCE decreased by 740bps from 23.9% to 16.5% in comparison to last year. This is as a result of LTM Adjusted EBIT decreasing by 15.9% and average capital employed increasing by 21.7% in comparison to the prior period.

Capital allocation

The Group has a clear framework of capital allocation and is focused on optimising capital deployment for the benefit of all our stakeholders, with a focus on long-term sustainable growth in the business. It is also important for the Group to maintain financial and operational flexibility to be able to react tactically to opportunities, such as strategic acquisitions, at speed. Our capital allocation framework is as follows:

1. Showroom investments - given the attractive returns from showroom investments, this is our key focus area to allocate capital to
2. Strategic acquisitions - this is a key pillar of our growth strategy, as outlined in our Long Range Plan to FY28. Acquisitions must deliver return on investment in line with our disciplined financial criteria, within an appropriate timeframe
3. Returns to shareholders - in the event of surplus capital/cash flow above and beyond the requirements of the business for investment into showrooms or strategic acquisitions, we would consider returns to shareholders either through ordinary dividends or share buy backs, with the appropriate mechanism to be decided at the appropriate time by the Board

Showroom portfolio

As at the 27 October 2024, the Group had 217 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
28 April 2024	99	59	9	167	25	31	56	223
Openings	1	-	-	1	-	-	-	1
Acquisitions	-	-	-	-	-	4	4	4
Closures	(3)	(1)	(6)	(10)	-	(1)	(1)	(11)
27 October 2024	97	58	3	158	25	34	59	217

¹ This is an Alternative Performance Measure and is shown on a pre-IFRS 16 basis. Refer to the Glossary for definition, purpose and reconciliation to statutory measures where relevant

² Refer to the Glossary for definition

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 2024 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 134 to 139 of the 2024 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 27 October 2024 £m	26 week period ended 29 October 2023 £m
Revenue	2,3	784.8	761.4
Cost of sales		(687.5)	(659.9)
Exceptional cost of sales	4	(1.1)	-
Gross profit		96.2	101.5
Administrative expenses		(21.9)	(19.8)
Exceptional administrative expenses	4	(0.7)	(0.6)
Exceptional impairment of non-current assets	4	(13.4)	(3.1)
Operating profit		60.2	78.0
Finance costs	5	(19.7)	(13.5)
Finance income	5	1.3	2.0
Exceptional finance costs	4,5	(1.3)	-
Net finance costs		(19.7)	(11.5)
Profit before taxation		40.5	66.5
Taxation	6	(11.6)	(19.5)
Profit for the financial period		28.9	47.0
Earnings per share			
Basic	7	12.2p	19.8p
Diluted	7	12.2p	19.7p

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

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

	Note	26 week period ended 27 October 2024 £m	26 week period ended 29 October 2023 £m
Profit for the financial period		28.9	47.0
<i>Other comprehensive income:</i>			
Items that may be reclassified to profit or loss in subsequent periods			
Foreign exchange (loss)/gain on translation of foreign operations		(7.9)	6.7
Related tax movements		0.6	(0.6)
		(7.3)	6.1
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial gain/(loss) on defined benefit pension scheme	12	0.6	(1.0)
Related tax movements		(0.1)	0.3
		0.5	(0.7)
Other comprehensive (expense)/income for the period net of tax		(6.8)	5.4
Total comprehensive profit for the period net of tax		22.1	52.4

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	27 October 2024 £m	28 April 2024 £m	29 October 2023 £m
Assets				
Non-current assets				
Goodwill	8	229.8	199.3	185.2
Intangible assets	8	71.5	16.4	17.6
Property, plant and equipment	9	203.5	191.4	185.5
Right-of-use assets	10	369.0	381.8	402.6
Deferred tax assets		4.4	0.4	3.2
Post-employment benefit asset	12	0.7	-	-
Trade and other receivables		2.1	2.1	2.1
		881.0	791.4	796.2
Current assets				
Inventories		477.1	393.3	399.7
Current tax asset		5.3	4.5	4.2
Trade and other receivables		57.0	22.5	20.2
Cash and cash equivalents	11	110.5	115.7	86.1
		649.9	536.0	510.2
Total assets		1,530.9	1,327.4	1,306.4
Liabilities				
Current liabilities				
Trade and other payables		(269.4)	(215.4)	(249.6)
Current tax liability		(2.2)	-	-
Lease liabilities	10	(58.0)	(57.0)	(51.5)
Provisions		(2.2)	(1.9)	(1.3)
		(331.8)	(274.3)	(302.4)
Non-current liabilities				
Trade and other payables		(0.9)	(1.1)	(1.1)
Deferred tax liabilities		(16.9)	(3.4)	(3.5)
Lease liabilities	10	(396.3)	(403.4)	(408.1)
Borrowings	11	(228.5)	(113.3)	(68.0)
Post-employment benefit obligations	12	-	(0.2)	(0.6)
Provisions		(8.9)	(8.7)	(6.9)
		(651.5)	(530.1)	(488.2)
Total liabilities		(983.3)	(804.4)	(790.6)
Net assets		547.6	523.0	515.8
Equity				
Share capital		3.0	3.0	3.0

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	(21.2)	(23.4)	(23.4)
Retained earnings	423.8	394.1	382.4
Foreign exchange reserve	(2.9)	4.4	8.9
Total equity	547.6	523.0	515.8

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	For exc res £m
Balance at 1 May 2023	3.0	147.1	(2.2)	(18.4)	337.0	2.8
Profit for the financial period	-	-	-	-	47.0	-
Other comprehensive income	-	-	-	-	(1.0)	6.7
Tax relating to components of other comprehensive income	-	-	-	-	0.3	(0.6)
Total comprehensive income	-	-	-	-	46.3	6.1
<i>Transactions with owners</i>						
Purchase of own shares*	-	-	-	(7.2)	-	-
Share-based payment charge	-	-	-	-	1.9	-
Share-based payments	-	-	-	2.2	(2.2)	-
Tax on share-based payments	-	-	-	-	(0.6)	-
Balance at 29 October 2023	3.0	147.1	(2.2)	(23.4)	382.4	8.9
Balance at 29 April 2024	3.0	147.1	(2.2)	(23.4)	394.1	4.4
Profit for the financial period	-	-	-	-	28.9	-
Other comprehensive income	-	-	-	-	0.6	(7.5)
Tax relating to components of other comprehensive income	-	-	-	-	(0.1)	0.6
Total comprehensive income	-	-	-	-	29.4	(7.5)
<i>Transactions with owners</i>						
Share-based payment charge	-	-	-	-	1.7	-
Share-based payments	-	-	-	2.2	(2.2)	-
Tax on share-based payments	-	-	-	-	0.8	-
Balance at 27 October 2024	3.0	147.1	(2.2)	(21.2)	423.8	(2.5)

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

*During the prior period, the Group purchased £7.2 million of own shares to satisfy management incentives. The shares were purchased by 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 Group. The 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 27 October 2024 £m	26 week period ended 29 October 2023 £m
Cash flows from operating activities			
Profit for the financial period		28.9	47.0
Adjustments for:			
Depreciation of property, plant and equipment	9	19.5	18.3
Depreciation of right-of-use assets	10	27.7	26.6
Amortisation of intangible assets	8	1.5	1.8
Exceptional impairment of right-of-use assets	10	7.2	1.9
Exceptional impairment of property, plant and equipment	9	6.2	1.2
Share-based payment charge		1.7	1.9
Finance income	5	(1.3)	(2.0)
Finance costs	5	19.7	13.5
Gain on lease breaks and surrender		(0.8)	(0.5)
Lease modifications		(0.2)	-
Loss on disposal of property, plant and equipment	9	0.1	0.1

Taxation		11.6	19.5
Increase in inventories		(41.2)	(38.7)
Increase in debtors		(16.0)	(0.8)
Increase in creditors, provisions, and pensions		18.7	27.5
Cash generated from operations		83.3	117.3
Pension scheme contributions	12	(0.3)	(0.3)
Tax paid		(11.6)	(23.2)
Total net cash generated from operating activities		71.4	93.8
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(42.1)	(46.2)
Purchase of intangible assets	8	(1.7)	(1.4)
Movement on capital expenditure accrual		(1.4)	-
Cash outflow from purchase of non-current assets		(45.2)	(47.6)
Disposal of property, plant and equipment	9	2.7	-
Acquisition of subsidiaries net of cash acquired	15	(106.9)	-
Interest received		0.8	-
Total net cash outflow from investing activities		(148.6)	(47.6)
Cash flows from financing activities			
Own shares purchased for share schemes		-	(7.2)
Repayment of term loan		-	(120.0)
Proceeds from 115.0m term loan	11	91.6	-
Proceeds from multicurrency revolving loan facility	11	26.4	70.0
Costs directly attributable to raising new loan facility	11	(0.3)	(2.2)
Payment of capital element of leases	10	(26.2)	(22.2)
Payment of interest element of leases	10	(12.4)	(10.0)
Interest paid		(6.4)	(5.7)
Net cash inflow/(outflow) from financing activities		72.7	(97.3)
Net decrease in cash and cash equivalents		(4.5)	(51.1)
Cash and cash equivalents at the beginning of the period		115.7	136.4
Exchange (loss)/gain on cash and cash equivalents		(0.7)	0.8
Cash and cash equivalents at the end of period	11	110.5	86.1
Comprised of:			
Cash at bank and in hand		90.2	68.6
Cash in transit		20.3	17.5
Cash and cash equivalents at end of period	11	110.5	86.1

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 27 October 2024 (prior year: 26 weeks to 29 October 2023) were approved by the Board of Directors on 5 December 2024 and have been prepared in accordance with UK adopted International Accounting Standard 34.

The results for the 26 weeks to 27 October 2024 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 28 April 2024 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

On 23 February 2024 of the prior year, the Group agreed a new 115.0 million term facility agreement for use in relation to the Roberto Coin Inc. acquisition. This facility was drawn down in the period to allow cash settlement of the acquisition consideration on 8 May 2024. As a result, the going concern assessment has been carried out taking into account both this new facility and the existing £225.0 million multicurrency revolving loan facility 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 facility covenants are on a pre-IFRS 16 basis and exclude 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 month 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 27 October 2024 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 £313.7 million in available committed facilities, of which £230.0 million was drawn down. Net debt at this date was £119.5 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £177.3 million. The UK bank facility of £225.0 million is due to expire in May 2028. The new 115.0 million term facility is a 12-month facility with two six-month extension options within the Group's control to bring the expiry date to February 2026. Further detail with regards to covenant tests and liquidity headroom can be found in borrowings note 11 within the Interim Condensed Consolidated Financial Statements.

In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 December 2025 from the date of this report. These included:

- The base case forecast which used the latest FY25 forecast approved by the Board in December 2024 and six-months of the Long Range Plan. These included the following key assumptions:
 - The more challenging trading environment will continue in FY25 with improvement into FY26 in line with market sentiment
 - Revenue forecast supported by expected luxury watch supply
 - Increased cost base in line with macroeconomic environment and environmental targets
 - Inclusion of Roberto Coin Inc. results at historical levels

The forecast aligns to the Guidance given in this announcement. Under this forecast, the Group has significant liquidity and complies with all covenant tests to 31 December 2025. 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:
 - 20% reduction in revenue 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 134 to 139 (including potential data breaches and non-compliance with laws and regulations), and environmental risks highlighted on pages 114 to 116, of the Group's Annual Report and Accounts for the 52 weeks to 28 April 2024

Under these scenarios liquidity would remain positive and 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 liquidity and covenant headroom, as well as mitigating actions within management's control (as noted below), and that this would represent a significant reduction in revenue and margin 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 inventory holding and purchases

- Restructuring of the business with headcount and showroom operations savings
- Redundancies and pay freezes
- Reducing the level of planned capex

The directors also considered whether there were any events or conditions occurring just outside the going concern period that should be considered in their assessment, including whether the going concern period needed to be extended. The scenarios modelled by the directors confirmed the ability, under the base and severe but plausible downsides, for the Group to repay the new 115.0 million term facility at the end of the going concern period. Whilst not considered within the going concern assessment, the Group has commenced the process to replace the short term 115.0 million term facility with longer term funding in FY25. Based on latest discussions with lenders the directors have a reasonable expectation that the refinancing will complete.

As a result of the above analysis, including potential severe but plausible scenarios and the reverse stress test, 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 2025. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the Interim Condensed Consolidated 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 2024 Annual Report within 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 2025.

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 28 April 2024. Following the acquisition of Roberto Coin Inc. in the period a new accounting policy for wholesale revenue has been introduced as shown below.

Sale of goods - wholesale

Sales of goods are recognised when a Group entity sells a product to a customer and control of the goods is transferred to the customer. This is either upon delivery to customers, or for consigned inventory, the date of sell through by the customer, provided the sales price is fixed, title has transferred, and collectability of the resulting receivable is reasonably assured.

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 28 April 2024 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.

Wholesale revenue is reported separately to the CODM and the results are aggregated into the US reporting segment. This is reflective of the management structure in place. As such, following the acquisition of Roberto Coin Inc. in the period, wholesale revenue has been reported separately. The total revenue and profit before tax of Roberto Coin Inc. forms part of the US segment below and has been disclosed in note 15 to these accounts.

	26 week period ended 27 October 2024			
	UK and Europe	US	Corporate	Total
	£m	£m	£m	£m
Revenue	429.9	354.9	-	784.8
Net margin	153.6	130.7	-	284.3
Less:				
Showroom costs	(82.8)	(58.8)	-	(141.6)
Overheads	(21.0)	(26.9)	(2.7)	(50.6)
Showroom opening and closing costs	(1.7)	(3.1)	-	(4.8)
Adjusted EBITDA	48.1	41.9	(2.7)	87.3
Depreciation, amortisation and loss on disposal of assets	(13.4)	(7.0)	(0.7)	(21.1)
Segment profit/(loss)*	34.7	34.9	(3.4)	66.2
IFRS 16 adjustments				9.2
Net finance costs (note 5)				(18.4)
Exceptional cost of sales (note 4)				(1.1)
Exceptional impairment of assets (note 4)				(13.4)
Exceptional administrative costs (note 4)				(0.7)
Exceptional finance costs (note 4)				(1.3)
Profit before taxation for the financial period				40.5

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

	26 week period ended 29 October 2023			
	UK and Europe	US	Corporate	Total
	£m	£m	£m	£m
-	100.0	100.0	100.0	300.0

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
Net other finance costs (note 5)				(11.5)
Exceptional impairment of assets (note 4)				(3.1)
Exceptional administrative costs (note 4)				(0.6)
Profit before taxation for the financial period				66.5

Entity-wide revenue disclosures

	26 week period ended 27 October 2024	26 week period ended 29 October 2023
	£m	£m
UK and Europe		
Luxury watches	367.3	369.0
Luxury jewellery	29.4	28.3
Services/other	33.2	36.3
Total	429.9	433.6
US		
Luxury watches	281.6	301.1
Luxury jewellery	16.2	18.7
Luxury jewellery wholesale	51.8	-
Eliminations	(2.0)	-
Services/other	7.3	8.0
Total	354.9	327.8
Group		
Luxury watches	648.9	670.1
Luxury jewellery	45.6	47.0
Luxury jewellery wholesale	51.8	-
Eliminations	(2.0)	-
Services/other	40.5	44.3
Total	784.8	761.4

'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.

Entity-wide non-current assets disclosures

	27 October 2024	29 October 2023
	£m	£m
UK and Europe		
Goodwill	137.8	121.6
Intangible assets	5.4	5.3
Property, plant and equipment	111.3	109.6
Right-of-use assets	233.8	272.2
Total	488.3	508.7
US		
Goodwill	92.0	63.6
Intangible assets	66.1	12.3
Property, plant and equipment	81.6	65.0
Right-of-use assets	129.7	124.4
Total	369.4	265.3
Corporate		
Property, plant and equipment	10.6	10.9
Right-of-use assets	5.5	6.0
Total	16.1	16.9
Group		
Goodwill	229.8	185.2
Intangible assets	71.5	17.6

Property, plant and equipment	203.5	185.5
Right-of-use assets	369.0	402.6
Total	873.8	790.9

3. Revenue

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

	26 week period ended 27 October 2024				
	Retail sale of goods	Wholesale sale of goods	Eliminations	Rendering of services*	Total
	£m	£m	£m	£m	£m
UK and Europe	416.6	-	-	13.3	429.9
US	298.9	51.8	(2.0)	6.2	354.9
Total	715.5	51.8	(2.0)	19.5	784.8

* The decrease in UK and Europe rendering of service revenue, was due to the prior period including the gross amounts collected from the sale of insurance policies. The disclosure for the 26 week period ended 27 October 2024 has been updated to show only the commission earned. The change is not material and therefore the prior year balances have not been restated.

	26 week period ended 29 October 2023				
	Retail sale of goods	Wholesale sale of goods	Eliminations	Rendering of services*	Total
	£m	£m	£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

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 Condensed Consolidated Income Statement.

	26 week period ended 27 October 2024	26 week period ended 29 October 2023
	£m	£m
<i>Exceptional cost of sales</i>		
Rolex Old Bond Street (IFRS 16 depreciation) ⁽ⁱ⁾	(1.1)	-
Total exceptional cost of sales	(1.1)	-
<i>Exceptional administrative costs</i>		
Showroom impairment ⁽ⁱⁱ⁾		
Impairment of property, plant and equipment	(6.2)	(1.2)
Impairment of right-of-use assets	(7.2)	(1.9)
Professional and legal expenses on actual and prospective business acquisitions ⁽ⁱⁱⁱ⁾	(0.7)	(0.6)
Total exceptional administrative costs	(14.1)	(3.7)
<i>Exceptional finance costs</i>		
Rolex Old Bond Street (IFRS 16 interest) ⁽ⁱ⁾	(1.3)	-
Total exceptional finance costs	(1.3)	-
Total exceptional items	(16.5)	(3.7)

(i) Rolex Old Bond Street

A new 7,200 sq. ft show room is being built in partnership with Rolex. This new flagship will be our largest Rolex show room and reflects the importance of the London market and the special relevance of London to the history of Rolex. The cost shown here is the IFRS 16 depreciation and interest costs whilst the show room is being constructed. They are deemed to be exceptional in nature given that this unique proposition results in a project size and complexity significantly outside of a standard build, coupled with documented project delays outside of the Group's control. The show room is due to open at the end of FY25.

(ii) **Showroom impairment**

The current macroeconomic environment, high interest rates and inflationary landscape gave rise to indicators of impairment in the current period. Consequently, discounted cashflows were performed on all Cash Generating Units (CGUs) with indicators of impairment. This resulted in a non-cash impairment charge of £13.4 million of which £7.2 million related to right-of-use assets (ROU assets).

(iii) **Professional and legal expenses on actual and prospective business acquisitions**

Professional and legal expenses related 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.

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

Tax on the exceptional items noted above totalled £3.9m (26 week period to 29 October 2023: £1.0m).

5. Net finance costs

	26 week period ended 27 October 2024	26 week period ended 29 October 2023
	£m	£m
<i>Finance costs</i>		
Interest payable on long-term borrowings	(7.6)	(3.3)
Amortisation of capitalised transaction costs	(0.5)	(0.2)
Net foreign exchange expense on financing activities	(0.5)	-
Interest on lease liabilities (note 10)	(11.1)	(10.0)
	(19.7)	(13.5)
<i>Finance income</i>		
Bank interest receivable	1.2	1.1
Net foreign exchange gain on financing activities	-	0.4
Other interest receivable	0.1	0.5
	1.3	2.0
Total net finance costs excluding exceptional items	(18.4)	(11.5)
Exceptional finance costs (note 4, 10)	(1.3)	-
Total net finance costs	(19.7)	(11.5)

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 28.5% (26 week period to 29 October 2023: 29.2%). 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.

OECD Pillar Two model rules

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are anticipated to be above 15%, or the results fall under a Pillar Two Safe Harbour. The Group therefore does not have an exposure to Pillar Two top up taxes.

7. Earnings per share (EPS)

	26 week period ended 27 October 2024	26 week period ended 29 October 2023
Basic		
EPS	12.2p	19.8p
EPS adjusted for exceptional items	17.6p	21.0p
EPS adjusted for exceptional items and pre-IFRS 16	18.1p	21.5p
Diluted		
EPS	12.2p	19.7p
EPS adjusted for exceptional items	17.5p	20.9p

EPS adjusted for exceptional items and pre-IFRS 16	18.0p	21.4p
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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 27 October 2024	26 week period ended 29 October 2023
	£m	£m
Profit after tax attributable to equity holders of the parent company	28.9	47.0
<i>Add back:</i>		
Exceptional expenses, net of tax	12.6	2.7
Profit adjusted for exceptional items	41.5	49.7
Pre-exceptional IFRS 16 adjustments, net of tax	1.4	1.2
Profit adjusted for exceptional items and IFRS 16	42.9	50.9

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

	26 week period ended 27 October 2024	26 week period ended 29 October 2023
	'000	'000
Weighted average number of shares:		
Weighted average number of ordinary shares in issue	236,588	237,056
Weighted average shares for basic EPS	236,588	237,056
Weighted average dilutive potential shares	1,320	1,358
Weighted average shares for diluted EPS	237,908	238,414

8. Goodwill and Intangible assets

	Goodwill	Brands	Agency agreement	Licenses with indefinite useful life	Computer software	Total
	£m	£m	£m	£m	£m	£m
<i>Net book value</i>						
At 29 April 2024	199.3	10.0	1.0	-	5.4	215.7
Additions	-	-	-	-	1.7	1.7
Acquired on business combinations (note 15)	33.1	0.5	-	57.2	-	90.8
Amortisation	-	(0.3)	(0.1)	-	(1.1)	(1.5)
Foreign exchange differences	(2.6)	(0.3)	(0.1)	(2.0)	(0.4)	(5.4)
At 27 October 2024	229.8	9.9	0.8	55.2	5.6	301.3

9. Property, plant and equipment

	Land and buildings	Fittings and equipment	Total
	£m	£m	£m
<i>Net book value</i>			
At 29 April 2024	0.6	190.8	191.4
Additions	-	42.1	42.1
Acquired on business combinations (note 15)	-	1.0	1.0
Disposals	-	(2.8)	(2.8)
Depreciation	-	(19.5)	(19.5)
Exceptional impairment (note 4)	-	(6.2)	(6.2)
Foreign exchange differences	-	(2.5)	(2.5)
At 27 October 2024	0.6	202.9	203.5

Disposals of property, plant and equipment

In the period, the Group disposed of property, plant and equipment with a total net carrying amount of £2.8 million for a cash consideration of £2.7 million.

10. Leases

Right-of-use assets

	Properties	Other	Total
	£m	£m	£m
At 29 April 2024	380.6	1.2	381.8
Additions	25.9	-	25.9
Acquired on business combinations (note 15)	1.0	-	1.0

Acquired on business combinations (note 15)	1.9	-	1.9
Depreciation	(27.4)	(0.3)	(27.7)
Exceptional depreciation (note 4)	(1.1)	-	(1.1)
Lease breaks	(0.8)	-	(0.8)
Lease surrender	(2.2)	-	(2.2)
Exceptional impairment (note 4)	(7.2)	-	(7.2)
Lease extensions	3.0	-	3.0
Lease modification	0.4	-	0.4
Foreign exchange differences	(5.0)	-	(5.0)
At 27 October 2024	368.1	0.9	369.0

Lease liabilities			
	Properties	Other	Total
	£m	£m	£m
At 29 April 2024	(459.3)	(1.1)	(460.4)
Additions	(25.1)	-	(25.1)
Acquired on business combinations (note 15)	(1.9)	-	(1.9)
Payments	38.3	0.3	38.6
Interest	(11.1)	-	(11.1)
Exceptional interest (note 4)	(1.3)	-	(1.3)
Lease breaks	1.0	-	1.0
Lease surrender	3.2	-	3.2
Lease extensions	(2.8)	-	(2.8)
Lease modification	(0.4)	-	(0.4)
Foreign exchange differences	5.9	-	5.9
At 27 October 2024	(453.5)	(0.8)	(454.3)

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.

During the period, the Group recognised an exceptional impairment charge of £13.4 million, £6.2 million relating to property, plant and equipment and £7.2 million relating to right-of-use assets. The Group reviewed the profitability of its showroom network, taking into account the potential future impact on customer demand and increased costs. At 27 October 2024, following the impairment having been booked, all showroom asset values are supported by their value-in-use recoverable amount.

The cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions across the showroom portfolio.

Revenue growth rates are in line with the Guidance as given in our H1 FY25 Results. Reducing the FY25 revenue guidance by 10.0% and modelling this lower performance through the outer periods, would result in an increased impairment charge of £6.2 million. A 2.0% increase in the discount rate would increase the impairment charge by £1.6 million. In combination, a 10.0% revenue reduction and a 2.0% increase in discount rate would increase the impairment charge by £8.0 million. This analysis does not assume any improvement in macroeconomic conditions or interest rates. Reasonably possible changes of the other assumptions would have no further significant impact on the impairment charge.

11. Borrowings

	27 October 2024	28 April 2024	29 October 2023
	£m	£m	£m
Non-current			
Multicurrency revolving loan facility	(141.3)	(115.0)	(70.0)
115.0m term loan	(88.7)	-	-
Associated capitalised transaction costs	1.5	1.7	2.0
Total borrowings	(228.5)	(113.3)	(68.0)

On 23 February 2024 of the prior year, the Group agreed a new 115.0 million term facility agreement for use in relation to the Roberto Coin Inc. acquisition. This facility was drawn down in the period to allow cash settlement of the acquisition consideration on 8 May 2024.

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 facility covenants are on a pre-IFRS 16 basis and exclude 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 month 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 27 October 2024 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 £313.7 million in available committed facilities, of which £230.0 million was drawn down. Net debt at this date was £119.5 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £177.3 million. The UK bank facility of £225.0 million is due to expire in May 2028. The new 115.0 million term facility is a 12-month facility with two six-month extension options within the Group's control to bring the expiry date to February 2026.

Analysis of net debt

	28 April 2024	Cash flow	Non-cash charges	Foreign exchange	27 October 2024
	£m	£m	£m	£m	£m
Cash and cash equivalents	115.7	(4.5)	-	(0.7)	110.5
115.0m term loan	-	(91.6)	-	2.9	(88.7)
Multicurrency revolving loan facility	(115.0)	(26.4)	-	0.1	(141.3)
Net debt excluding capitalised transaction costs (Pre-IFRS 16)	0.7	(122.5)	-	2.3	(119.5)
Capitalised transaction costs	1.7	0.3	(0.5)	-	1.5
Net debt (Pre-IFRS 16)	2.4	(122.2)	(0.5)	2.3	(118.0)
Lease liability	(460.4)	38.6	(38.4)	5.9	(454.3)
Total net debt	(458.0)	(83.6)	(38.9)	8.2	(572.3)

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

Included in cash and cash equivalents is restricted cash of £16.9 million (29 October 2023: £16.5 million). Restricted cash is defined as cash controlled by the Group but which is not freely useable by the Group in day-to-day operations.

12. Post-employment benefit obligations

During the 26 weeks to 27 October 2024 (prior period: 26 weeks to 29 October 2023), 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 asset/(liability) in the period is as follows:

	26 weeks to 27 October 2024	52 weeks to 28 April 2024	26 weeks to 29 October 2023
	£m	£m	£m
Net pension (liability)/asset at the beginning of the period	(0.2)	0.1	0.1
Administration costs	-	(0.1)	-
Employer contributions	0.3	0.7	0.3
Actuarial gain/(loss)	0.6	(0.9)	(1.0)
Net pension asset/(liability) at the end of the period	0.7	(0.2)	(0.6)

During the period the Trustees and the Group implemented a new bond based investment strategy.

The IAS 19 (accounting) valuation of the defined benefit obligation was undertaken by an external qualified actuary at 27 October 2024 using the projected unit credit method.

The scheme valuation moved from a deficit of £0.2 million at 28 April 2024 to a surplus of £0.7 million at 27 October 2024. The movement results from changes in the principal actuarial assumptions used in the valuation as follows:

	27 October 2024	28 April 2024	29 October 2023
Discount rate	5.15%	5.10%	5.55%
Rate of increase in salary	n/a	n/a	n/a
Rate of future inflation - RPI	3.35%	3.45%	3.35%
Rate of future inflation - CPI	2.75%	2.85%	2.75%
Rate of increase in pensions in payment	3.10%	3.20%	3.30%
Proportion of employees opting for a cash commutation	100.0%	100.0%	100.0%

Virgin Media Limited v NTL Pension Trustees II Limited legal case

Following the High Court ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others in June 2023, it was held that section 37 of the Pension Schemes Act 1993 operates to make void any amendment to the rules of a contracted out pension scheme without written actuarial confirmation under Regulation 42(2) of the Occupational Pension Schemes (Contracting Out) Regulations 1996, insofar that the amendment relates to members'

section 9(2B) rights. On 25 July 2024, the court dismissed an appeal and confirmed section 9(2B) rights included both past service rights and future service rights.

The Trustees of the Scheme have confirmed that:

- The Scheme was contracted out of the additional state pension between 1997 and 2016; and
- It was possible that amendments were made to the Pension Schemes that may have impacted on the members' section 9(2B) rights.

The Trustees of the Scheme and the Directors work closely together and take appropriate legal and professional advice when making amendments to the Pension Schemes. However, at 27 October 2024, it is not currently possible to determine whether any amendments to section 9(2B) rights were made to the Pension Schemes that were not in accordance with section 37 of the Pension Schemes Act 1993 requirements.

Further, it is not currently possible to reliably estimate any potential impact to the defined benefit obligations of the Pension Schemes if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. The Directors continue to assess the extent of procedures required to confirm if there is any indication of historic non-compliance.

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

	27 October 2024	28 April 2024	29 October 2023
	£m	£m	£m
<i>Financial assets - held at amortised cost</i>			
Trade and other receivables*	52.4	17.4	17.3
Cash and cash equivalents	110.5	115.7	86.1
Total financial assets	162.9	133.1	103.4
<i>Financial liabilities - held at amortised cost</i>			
Interest-bearing loans and borrowings:			
115.0m term loan***	(88.7)	-	-
115.0m term loan interest payable	(1.5)	-	-
Multicurrency revolving loan facility***	(139.8)	(113.3)	(68.0)
Multicurrency revolving loan facility interest payable	(1.4)	(1.4)	-
Trade and other payables**	(235.3)	(188.4)	(225.0)
Net financial liabilities (pre-IFRS 16)	(466.7)	(303.1)	(293.0)
Lease liability (IFRS 16) (note 10)	(454.3)	(460.4)	(459.6)
Total financial liabilities	(921.0)	(763.5)	(752.6)

* Excludes prepayments of £6.7 million (29 October 2023: £5.0 million, 28 April 2024: £7.2 million) that do not meet the definition of a financial instrument.

** Excludes customer deposits of £11.5 million (29 October 2023: £5.9 million, 28 April 2024: £6.0 million) and deferred income of £20.6 million (29 October 2023: £19.8 million, 28 April 2024: £20.7 million) that do not meet the definition of a financial instrument.

*** Net of capitalised transaction costs

Contingent consideration

As part of the purchase agreement with the previous owners of Roberto Coin Inc., dated 8 May 2024 (see note 15), 10.0 million of consideration is contingent, based on future profitability of the acquired entity.

As at 27 October 2024, the key performance indicators of Roberto Coin Inc. showed that it is probable that the target would be achieved.

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 loan 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. Business combinations

Roberto Coin Inc.

On 8 May 2024, the Group signed and completed the acquisition of the entire share capital of Roberto Coin Inc., an associate company of Roberto Coin S.p.A. from Roberto Coin S.p.A., Peter Webster, Co-Founder and President of Roberto Coin Inc., and Pilar Coin. The acquisition completed for a total cash consideration of 130.0 million (£104.0 million), of which 10.0 million (£7.9 million) is deferred for one year and contingent on the future profitability of the acquired business, subject to working capital adjustments. It is probable that the contingent consideration will be paid in full.

Luxury branded jewellery is a core pillar of the Group's growth strategy and the acquisition will significantly enhance our strategic positioning in the luxury branded jewellery market on a per capital basis.

After Group eliminations, the business contributed revenue of £51.2 million and profit before tax of £12.1 million from the 8 May 2024 acquisition date to 27 October 2024.

The following table summarises the consideration paid for the acquisition net of £4.0 million of cash acquired, and the provisional fair value of assets acquired at the acquisition date:

	£m
Total cash consideration net of cash acquired	104.0
Initial assessment of values on acquisition	
	£m
Inventories	49.7
Trade and other receivables	11.8
Intangibles - licenses with indefinite useful life	57.2
Intangibles - brand	0.5
Property, plant and equipment	1.0
Trade and other payables	(24.0)
Provisions	(0.4)
Right-of-use asset	1.9
Lease liabilities	(1.9)
Deferred tax liability	(13.9)
Total identifiable net assets	81.9
Goodwill	22.1
Total assets acquired	104.0

An amount of £8.2 million, from the initial consideration paid, is held with a third-party on retention and is reported within debtors in these accounts. This will be paid by the Group within 12 months of the acquisition date.

The goodwill recognised is attributable to the profitability of the acquired business and is expected to be deductible for tax purposes as amortised or where not amortised, upon a future disposal.

Intangible assets have been recognised in relation to the license with an indefinite useful life and the brand name CENTO was acquired. The license is non amortising as the supply agreement with Roberto Coin S.p.A. extends into perpetuity. The CENTO brand has been assigned a five year life.

The non-current asset balances as at 27 October 2024 have been included in note 2 as part of the US operating segment.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

Given the proximity of the acquisition to the beginning of FY25, the Group's revenue and profit before tax had the acquisition been made on the first day of the would not be materially different to the result reported and therefore has not been disclosed separately.

Acquisition-related costs have been charged to exceptional items in the Condensed Consolidated Income Statement for the 26-week period ended 27 October 2024, as disclosed in note 4 to these Condensed Consolidated Financial Statements.

The values stated above are the initial assessment of the fair values of assets and liabilities on acquisition. The finalisation of the fair values, particularly of intangibles, requires judgement and will be disclosed in the next annual report if significant. The assessment will be finalised within 12 months of the acquisition date.

Hodinkee, Inc.

On 3 October 2024, the Group signed and completed the acquisition of the trade and assets of Hodinkee, Inc., a digital editorial content provider for luxury watch enthusiasts. As part of the transaction the entire share capital of Hodinkee Insurance Holdings Inc. was acquired to retain the licence to sell insurance. The acquisition completed for a total cash consideration of 14.4 million (£10.9 million). The acquisition allows the Group to leverage existing growth opportunities by growing sector leadership online, and also further enhances the Group's ability to capture market share, particularly in the fast growing US market.

The revenue and profit before tax from the 3 October 2024 acquisition date to the 27 October 2024 would not have been material to the Group result.

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

	£m
Total cash consideration net of cash acquired	10.9
Initial assessment of values on acquisition	
	£m
Inventories	0.2
Trade and other receivables	0.1
Trade and other payables	(0.4)
Total identifiable net assets	(0.1)
Goodwill	11.0
Total assets acquired	10.9

An amount of £0.8 million, from the initial consideration paid, is held with a third-party on retention and is reported within debtors in these accounts. This will be paid by the Group within 12 months of the acquisition date.

The goodwill recognised is attributable to the profitability of the acquired business and is expected to be deductible for tax purposes as amortised or where not amortised, upon a future disposal.

If the business combination had taken place at the beginning of FY25, the contribution to revenue and profit before tax is not material to the results of the Group and therefore has not been disclosed separately.

Acquisition-related costs have been charged to exceptional items in the Condensed Consolidated Income Statement for the 26-week period ended 27 October 2024, as disclosed in note 4 to these Condensed Consolidated Financial Statements.

Given the proximity of the acquisition to the half year end date, an assessment to value any acquired intangible assets has not been performed, with the value recorded only as goodwill. This assessment will be performed after half year and recorded in the FY25 Annual Report and Accounts.

The values stated above are the initial assessment of the fair values of assets and liabilities on acquisition. These will be finalised within 12 months of the acquisition date.

16. 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.

17. Post-balance sheet events

No 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 27 October 2024 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 27 October 2024 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 for the 52 weeks to 28 April 2024.

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

For and by order of the Board

Brian Duffy
Chief Executive Officer

Anders Romberg
Chief Financial Officer

4 December 2024

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 27 October 2024 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 17. 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 27 October 2024 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

Birmingham

04 December 2024

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

Net margin costs shown in costs.

Why used

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

Reconciliation to IFRS measures

£million	H1 FY25	H1 FY24
Revenue	784.8	761.4
Cost of inventory expensed	(507.1)	(485.3)
Other inc. supplier incentives	6.6	4.0
Net margin	284.3	280.1
Showroom costs	(141.6)	(137.2)
4-Wall EBITDA	142.7	142.9

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

4-Wall EBITDA, EBITDA, Adjusted EBITDA and Adjusted EBIT Margin

For each of these areas as defined in this Glossary, the Group shows the measures as a percentage of Group revenue.

Why used

Profitability as a percentage of Group revenue is shown to understand how effectively the Group is managing its cost base.

Reconciliation to IFRS measures

£million	H1 FY25	H1 FY24
Revenue	784.8	761.4
4-Wall EBITDA	142.7	142.9
<i>4-Wall EBITDA margin</i>	<i>18.2%</i>	<i>18.8%</i>
EBITDA (unadjusted)	92.1	99.5
<i>EBITDA (unadjusted) margin</i>	<i>11.7%</i>	<i>13.1%</i>
Adjusted EBITDA	87.3	94.0
<i>Adjusted EBITDA margin</i>	<i>11.1%</i>	<i>12.3%</i>
Adjusted EBIT	66.2	73.4
<i>Adjusted EBIT margin</i>	<i>8.4%</i>	<i>9.6%</i>

Adjusted Earnings Before Interest and Tax (Adjusted EBIT)

Operating profit before exceptional items and IFRS 16 impact.

Why used

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

Reconciliation to IFRS measures

Reconciled in note 2 to the Condensed Consolidated Financial Statements.

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

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

Why used

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

Reconciliation to IFRS measures

Reconciled in note 2 of the Condensed Consolidated Financial Statements.

Adjusted Earnings Per Share (Adjusted EPS)

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

Why used

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

Reconciliation to IFRS measures

Reconciled within note 7 of the Condensed Consolidated Financial Statements.

Adjusted profit before tax (Adjusted PBT)

Profit before tax before exceptional items and IFRS 16 impact.

Why used

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

Reconciliation to IFRS measure

£million	H1 FY25	H1 FY24
Segment profit (as reconciled in note 2 of the Condensed Consolidated Financial Statements)	66.2	73.4
Net finance costs excluding exceptional items (note 5)	(18.4)	(11.5)
IFRS 16 lease interest (note 5)	11.1	10.0
Adjusted profit before tax	58.9	71.9

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 to IFRS measures

	(£/US million)
H1 FY25 Group revenue (£)	784.8
H1 FY25 US revenue (€)	458.1
H1 FY25 revenue (£) @ HY25 exchange rate	354.9
H1 FY25 revenue (£) @ HY24 exchange rate	325.0

H1 FY25 revenue (£) @ HY24 exchange rate	365.3
H1 FY25 Group revenue (£) at constant currency	795.2*
H1 FY25 exchange rate	1.291
H1 FY24 exchange rate	1.254

* Excluding Roberto Coin Inc. revenue from the retranslation (as the acquisition took place on 8 May 2024), the H1 FY25 Group revenue (£) at constant currency is £794 million

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

EBITDA before exceptional items presented in the Group's Condensed Consolidated Income Statement. Shown on a continuing basis before the impact of IFRS 16 and showroom opening and closing costs. These costs include rent (pre-IFRS 16), rates, payroll and other costs associated with the opening or closing of showrooms, or during closures when refurbishments are taking place.

Why used

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

Reconciliation to IFRS measures

£million	H1 FY25	H1 FY24
Adjusted EBITDA	87.3	94.0
Showroom opening and closing costs	4.8	5.5
EBITDA	92.1	99.5

Exceptional items

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

Why used

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

Reconciliation to IFRS measures

Disclosed in note 4 of the Group's Condensed Consolidated Financial Statements.

Free cash flow

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

Why used

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

Reconciliation to IFRS measures

£million	H1 FY25	H1 FY24
Net (decrease)/increase in cash and cash equivalents	(4.5)	(51.1)
Net financing cash flow	(72.7)	97.3
Interest paid	(6.4)	(5.7)
Lease payments	(38.6)	(32.2)
Acquisitions	106.9	-
Cash outflow related to exceptional costs	2.7	0.6
Expansionary capex	43.6	47.8
Disposal of property, plant and equipment	(2.7)	-
Free cash flow	28.3	56.7

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 £28.3 million divided by Adjusted EBITDA of £87.3 million shown as a percentage.

Liquidity headroom

Liquidity headroom is unrestricted cash plus undrawn available facilities.

Why used

Liquidity headroom shows the amount of unrestricted funds available to the Group.

Reconciliation to IFRS measures

£million	H1 FY25	H1 FY24
Multicurrency revolving loan facility	225.0	225.0
115.0m term loan	88.7	-
Total facility	313.7	225.0
Facility drawn	(230.0)	(70.0)
Unrestricted cash	93.6	69.9
Total headroom	177.3	224.9

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 Condensed Consolidated Financial Statements.

Net margin

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

Why used

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

Reconciliation to IFRS measures

Refer to 4-Wall EBITDA.

Return on Capital Employed (ROCE)

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

Why used

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

Reconciliation to IFRS measures

LTM adjusted EBIT of £127.6 million divided by the average capital employed, which is calculated as follows:

£million	LTM to 27 October 2024	LTM to 29 October 2023
Pre-IFRS 16 total assets	1,167.7	920.6
Pre-IFRS 16 current liabilities	(287.6)	(257.7)
Capital employed	880.1	662.9
Average capital employed	771.5	634.2

OTHER DEFINITIONS

Ecommerce

Ecommerce revenue is sales which are transacted online.

Expansionary capital expenditure/capex

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

Luxury watches

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

Luxury jewellery

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

Showroom maintenance capital expenditure/capex

Capital expenditure which is not considered expansionary.

IFRS 16 Adjustments

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

H1 FY25 Consolidated Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	784.8	-	-	784.8
Net margin	284.3	-	-	284.3
Showroom costs	(141.6)	32.9	-	(108.7)
4-Wall EBITDA	142.7	32.9	-	175.6
Overheads	(50.6)	-	(0.7)	(51.3)
EBITDA	92.1	32.9	(0.7)	124.3
Showroom opening and closing costs	(4.8)	3.4	-	(1.4)
Adjusted EBITDA	87.3	36.3	(0.7)	122.9
Depreciation, amortisation, loss on disposal, impairment of fixed assets and lease modifications	(21.1)	(27.1)	(14.5)	(62.7)
Adjusted EBIT (Segment/operating profit)	66.2	9.2	(15.2)	60.2
Net finance costs	(7.3)	(11.1)	(1.3)	(19.7)
Adjusted profit before tax	58.9	(1.9)	(16.5)	40.5
Adjusted basic Earnings Per Share	18.1p			12.2p

H1 FY25 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	301.3	-	301.3
Property, plant and equipment	202.1	1.4	203.5
IFRS 16 right-of-use assets	-	369.0	369.0
Inventories	477.1	-	477.1
Trade and other receivables	70.9	(11.8)	59.1
Trade and other payables	(320.2)	49.9	(270.3)
IFRS 16 lease liabilities	-	(454.3)	(454.3)
Net debt	(119.5)	-	(119.5)
Other	(38.6)	20.3	(18.3)
Net assets	573.1	(25.5)	547.6

H1 FY24 Consolidated Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
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, loss on disposal, impairment of fixed assets and lease modifications	(20.6)	(25.9)	(3.1)	(49.6)
Adjusted EBIT (Segment/operating profit)	73.4	8.3	(3.7)	78.0
Net finance costs	(1.5)	(10.0)	-	(11.5)
Adjusted 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



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