# ANÁLISIS DE LOS RESULTADOS DEL SEGUNDO TRIMESTRE 2025 DE WOSG

En el presente documento vamos a analizar los resultados del segundo trimestre de 2025 fiscal de WOSG
Como es habitual, el **formato** será el siguiente: sobre la documentación oficial aportada por la compañía se adjuntarán notas en los márgenes, a través de las cuales realizaremos nuestras observaciones clave sobre los resultados. Nos enfocaremos en analizar aquello que sea de especial relevancia para el seguimiento de la tesis.

El lector podrá optimizar su tiempo leyendo exclusivamente las notas al margen y el texto subrayado, en el caso de haberlo. Esas notas en los recuadros al margen pueden ser de diferentes colores.

Los recuadros amarillo y azul implican que se trata de un dato importante, aunque no tiene por qué ser necesariamente positivo o negativo. Un recuadro rojo indica que la información mencionada es negativa para la situación empresarial en el corto, medio o largo plazo. Un recuadro verde implica que la información es manifiestamente positiva para la evolución de la compañía en el corto, medio y largo plazo. Finalmente, un recuadro morado significa que se trata de una información fundamental a tener en cuenta para los siguientes resultados, ya que marcará de forma determinante la evolución de la compañía en el corto, medio y largo plazo.

Watches of Switzerland Group ha presentado unos resultados bastante positivos en este segundo trimestre logrando cerrar un primer semestre del año con un crecimiento del 4% en moneda constante, impulsado por un segundo trimestre que acelera su crecimiento a doble dígito, impulsado por EEUU que crece por encima del 20%, en especial impulsado por la adquisición de Roberto Coin y una recuperación progresiva en la demanda de relojes de lujo y una menor promocionalidad en joyería.

Además, el mensaje más alentador es que ha habido un crecimiento secuencial a medida que está avanzando el año y el inicio del tercer trimestre también hablan de optimismo, lo cual, conociendo el equipo directivo de la compañía, refleja una clara visión de recuperación del negocio principal, lo cual sin lugar a dudas es una gran noticia para la empresa. Esto ha impulsado a las acciones a subir en la sesión de hoy cerca de un 6% tras la publicación de estos resultados, con las acciones ya por encima de las 5 libras a medida que continúa recuperando su valoración, aunque en nuestra opinión se encuentra aún esa valoración en niveles extremadamente inferiores a nuestras expectativas en el medio y largo plazo, pero un desempeño como el que estamos observando creemos que ayudará a que la compañía recupere progresivamente su valoración adecuada.

En cuanto al negocio de Roberto Coin, se está comportando positivamente o más bien en línea con las expectativas, ha aportado 51 millones de libras en este primer semestre y parece que no habrá sorpresas. De hecho, mantienen la guía para todo el año, una guía que implica registrar entre alrededor de 1,7 billones de libras, lo que supone un crecimiento promedio del 10%, 9% en el rango bajo y 12% en el rango alto, con mejoras muy moderadas en los márgenes, con un mayor coste financiero por la adquisición de Roberto Coin y con un CAPEX de entre 60 y 70 millones de libras, lo cual, para nosotros, a pesar de que es un alto nivel de CAPEX, lo vemos como una clara ventaja competitiva frente a sus competidores locales en Estados Unidos y en Reino Unido, que no tienen el motor financiero para llevar a cabo un CAPEX tan agresivo.

**5 December 2024**

THE WATCHES OF SWITZERLAND GROUP

**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 currency[1] 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."

Positivamente, siguen ampliando su relación con Rolex. Hay nuevas aperturas a la vista de insignias Rolex, con boutiques monomarca Rolex. También han llevado a cabo más ampliaciones tanto en Reino Unido como en Estados Unidos, lo cual nos habla de una salud positiva en las relaciones con Rolex. Parece que el caos que vimos a finales del año fiscal anterior ha quedado diluido y una demanda cada vez más fuerte y una recuperación progresiva de los mercados británicos y estadounidenses parece que impulsará crecimiento en el medio plazo.

Además, se ven optimistas con la confianza del consumidor ahora que las elecciones americanas han pasado. Lo ven como algo positivo el resultado de las elecciones.

Luego, todo el ecosistema de Rolex de segunda mano va viento en popa. Siguen ampliando esa asociación y esperan continuar impulsando esos recursos en todas sus tiendas a lo largo del Reino Unido y Estados Unidos. Ya son la segunda marca más importante del grupo; es decir, después de Rolex, el segmento de Rolex de segunda mano ya es la segunda marca que más pesa sobre las ventas del grupo, por encima de Patek Philippe, Cartier o Omega. Esto es bastante relevante y nos da una idea de cómo ese segmento probablemente va a ser el mayor impulsor del plan a largo plazo de la compañía en los próximos años.

Creo que se está ejecutando correctamente y la demanda es muy alta sobre este tipo de producto, como ya hemos explicado en trimestres anteriores. Pero realmente me gusta mucho ver cómo siguen las ampliaciones de las boutiques con Rolex y continúa la demanda positiva en los relojes de lujo, que tienen lista de espera en las principales marcas. En general, parecen optimistas con los resultados, que en nuestro caso vemos que se están ejecutando en línea con las expectativas, así que sin sorpresas en estos resultados.

Como aspecto relevante adicional a mencionar, antes de entrar en algunos detalles importantes adicionales, señalar que la conversión de efectivo ha sido muy baja, en torno al 30% (vs 60% el año pasado). Esto se debe a una estacionalidad en el capital de trabajo circulante de Roberto Coin, recién adquirida en Estados Unidos. Sin embargo, siguen esperando una conversión cercana al 70% para todo el año, lo cual sería bastante positivo y en línea con nuestras expectativas.

Por último, mencionar que parece que se están cumpliendo nuestras expectativas. Están cerrando todas las tiendas en Europa en línea con lo que tenían planeado. Han cerrado ya seis de las nueve tiendas que tenían en Europa. Cuatro de ellas las han vendido, dos las han cerrado, y está planeado que se vendan otras dos durante la segunda parte del año, por lo cual, para el cierre de 2025, solamente quedará una tienda en Europa, en Irlanda, que probablemente acaben cerrando también o vendiendo.

Esto va en línea con nuestras expectativas, ya que creemos que el acuerdo al que ha llegado Watches of Switzerland Group con Rolex es que ellos van a tener el monopolio o el liderazgo del mercado del Reino Unido y del mercado estadounidense, en los cuales esperan continuar siendo líderes indiscutibles de Rolex. Ya tienen una cuota superior al 45% en Reino Unido y quieren expandir agresivamente su cuota también en Estados Unidos. Mientras tanto, Bucherer probablemente se quede con el mercado europeo ex-Reino Unido, lo cual es una estrategia inteligente para Rolex que concentra su distribución y, a la vez, beneficiosa para Watches of Switzerland Group, que en nuestra opinión va a continuar expandiendo su mercado especialmente en Estados Unidos, el impulsor de estos resultados y, probablemente, de los resultados de los próximos cinco años.

De todos modos, la adquisición de Roberto Coin para continuar minimizando su dependencia de Rolex me parece también positiva. Ahora mismo, la joyería está en horas bajas por el entorno cíclico que están viviendo, pero hay señales muy positivas de recuperación en el sector, como esa menor promocionalidad que se ha visto en este trimestre y que está impulsando el crecimiento frente al año anterior.

Podemos ver cómo Estados Unidos está siendo claramente el impulsor de los ingresos. Crece un 11% en moneda constante y un 8% reportado, alcanzando los 355 millones de libras, ganando cada vez más peso sobre los ingresos totales del grupo, aunque Europa y Reino Unido aún lideran los ingresos, tal y como hemos mencionado en trimestres anteriores.

Sin sorpresas en términos del EBITDA ni del beneficio operativo, que decrecen 10 puntos porcentuales debido al efecto de una estructura de costos fijos importante y al aumento de las inversiones operativas, muchas de ellas puntuales, especialmente las grandes reformas en las tiendas de Rolex. El retorno sobre el capital empleado cae de forma relevante hasta el 16,5%, obviamente debido a la caída del beneficio operativo. Sin embargo, sigue siendo muy saludable que esta compañía, en el entorno actual y con las dificultades que está enfrentando, mantenga un retorno sobre el capital empleado superior al 16%. Creemos que, progresivamente, conforme el ciclo se vuelva positivo, volverán a niveles superiores al 20% en cuanto a retorno sobre el capital empleado.

La deuda, evidentemente, también se expande hasta los 120 millones de libras debido a la adquisición de Roberto Coin, que tuvo un impacto de unos 110 millones de libras. Adicionalmente, está la adquisición reciente de la revista de relojes americana Hodinkee, que tiene sobre todo un efecto positivo en el lado del marketing más que en otro ámbito. Ya están redirigiendo su tráfico a la web de WOSG en Estados Unidos, que, por cierto, están mejorando y esperan relanzar en el segundo semestre de 2025.

| (£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 EBITDA[1]** | **87** | **94** | **(7%)** | |
| *Adjusted EBITDA margin[1]* | *11.1%* | *12.3%* | *(120bps)* | |
| | | | | |
| **Adjusted EBIT[1]** | **66** | **73** | **(10%)** | **(9%)** |
| *Adjusted EBIT margin[1]* | *8.4%* | *9.6%* | *(120bp)* | |
| 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 watch[2] 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 jewellery[2] 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 revenue[2] -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

Mencionar que los relojes de lujo representan ahora el 83% de los ingresos, 5 puntos porcentuales menos debido a la llegada de Roberto Coin en joyería. En mi opinión, esto es positivo para diversificar, aunque es cierto que la parte de joyería es muchísimo más cíclica que la de relojes de lujo. Sin embargo, como la adquisición se realizó en la parte baja del ciclo, para lo que nos interesa en la tesis probablemente es positivo, ya que históricamente la joyería tiende a crecer más rápido que la relojería cuando el ciclo se estabiliza. Creemos que este ciclo no será diferente.

Es verdad que, si excluimos el impacto de Roberto Coin, que ha contribuido con 51 millones de libras a un crecimiento del 100% en la joyería, realmente la joyería del grupo habría decrecido un 6%, lo cual es una caída materialmente superior a la del 2% en relojes de lujo.

También sigue estando el impacto negativo en Reino Unido debido a que aún no se han restaurado políticamente las compras exentas de IVA, lo que está provocando que los turistas no compren relojes en el país. Por lo tanto, toda la demanda actual es local, lo que resalta la fortaleza de la clientela local en Reino Unido para los relojes de lujo. Insisto en que, antes de la pandemia, más de la mitad de las ventas provenían de turistas. Actualmente, las ventas se están manteniendo estables aún sin esas compras de turistas, lo cual es muy relevante y positivo respecto al trabajo que se ha realizado. Así que existe un potencial catalizador si en algún momento Reino Unido decide, inteligentemente, regresar a las compras sin IVA para turistas.

Luego, comentar también que el e-commerce del grupo sigue decreciendo un 10%, lo cual refleja aún debilidad en la demanda, sobre todo en el segmento aspiracional. Sin embargo, Reino Unido se está estabilizando y Estados Unidos claramente se está acelerando a medida que se ha reposicionado el stock de alto lujo y de las principales marcas. Esto ha hecho que pasen de crecer un 1% en el Q1 a un 24% en el Q2, igual que UK que pasa del -4% en el Q1 al +2% en el Q2, y se espera que continue la mejora en el H2 lo cual es, sin lugar a dudas, la noticia más positiva.

Los competidores no tienen ninguno el motor financiero para ejecutar ese capex, otra de las razones para confiar en la continuidad de WOSG como referente en este segmento de relojería de lujo, que por cierto cumple los 100 años.

Eso permite que sigan ganando cuota de mercado en UK y US que es la mejor de las noticias en este periodo de dificultades para el sector.

- 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 conversion[1] for the full year
- Continued investment in showrooms, with expansionary capital expenditure[2] 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 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

Aquí os he señalado en rojo la cartera de proyectos que tiene la compañía para finales de este año y para principios del año que viene. Voy a destacar, sobre todo, la apertura de esa tienda de Patek Philippe de 2.000 metros cuadrados, que es una bestialidad, y los proyectos que se van a completar en la segunda parte de este año, especialmente los relacionados con Rolex.

En concreto, está la nueva tienda de Londres, la nueva tienda de Texas, en la que van a incluir a Rolex y a Cartier, la introducción de Rolex en una tienda Mayors en Florida y la conversión de una tienda Mayors en una tienda Rolex. Es decir, cuatro proyectos en concreto relacionados con dar más imagen y espacio a Rolex en las tiendas, sobre todo en Estados Unidos, aunque también en Londres, lo cual es una muy buena señal sobre la salud y la relación de ambas empresas.

En mi opinión, está más que demostrada, independientemente de todo el ruido que hay. Está claro que operativamente siguen trabajando juntos y siguen aumentando su relación. Solo el tiempo dirá si estamos en lo cierto, pero de momento sigo viendo indicadores que apuntan a que si.

## Outlook

Sin cambios en el guidance.

- 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

EEUU representa ya el 45% de las ventas del grupo en el H1 vs 43% en el año anterior (impulsadas sobretodo por Roberto Coin).

| | 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

Aún hay clara debilidad en el negocio principal, tanto en rejoles (-2%) como en joyas (-6%) pero la mejora secuencial vista en el Q2 es evidente, y claramente se espera qeu siga en el H2. El Q3 navideño será clave para confirmar ese desempeño.

| | 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%** |

Ese +100% en joyería es por Roberto Coin, comparable sería un -6%.

**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

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**About the Watches of Switzerland Group**

The Watches of Switzerland Group is the UK's largest luxury watch retailer, operating in the UK, US and Europe comprising 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

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.

Está claro que es cierto por que siguen ganando cuota de mercado.

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.

Mas asociaciones exclusivas con marcas top.

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 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 Hondinkee'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.

Muy buena señal. No se pero yo cada vez tengo más claro que son los mejores y que el plan de crecimiento de Rolex en EEUU claramente depende del buen desempeño de WOSG y viceversa. Mas que ruptura entre ambas empresas, veo una relación cada vez más fuerte y de codependcncia.

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.

Simplemente mencionar que el impacto que vemos aquí en el beneficio operativo de doble dígito del 23% es muy agresivo y tiene que ver, sobre todo, con costos puntuales de depreciación de Goodwill y costos puntuales por la ampliación de las megatiendas de Rolex y Patek Philippe, que son costes claramente superiores al promedio y, por ende, se consideran puntuales.

El beneficio operativo ajustado, como hemos mencionado, implicaría una caída del 10% y no tan abultada del 23% como se menciona. Lo mismo ocurre con el beneficio operativo neto. Por el aumento de los costos financieros y el aumento de la deuda, el beneficio operativo neto cae un 40%. Realmente, ajustado sería una caída del 18%.

En este informe se presentan también los ajustes que se realizan, que, en mi opinión, son coherentes con lo que se trata de reflejar en esos resultados operativos y netos ajustados que reflejen la realidad operativa del grupo. En todo caso el impacto estacional de la caida del sector fue evidente en 2024 fiscal y sgue siendolo en este H1 2025,

| 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 |
|---|---|---|---|
| **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%** |

Ese segmento es Roberto Coin.

| 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.

Por cierto, mencionar que, aparte de la adquisición en el canal online de EE. UU., están llevando a cabo negociaciones para adquirir nuevas boutiques pequeñas familiares en EE. UU. con el objetivo de seguir ampliando su cuota de mercado. Probablemente, esas adquisiciones se irán ejecutando en la segunda parte del año y en los próximos años, convirtiéndose en catalizadores que impulsarán el rendimiento de la acción.

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 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.

Aquí teneis los 16,5 millones de costes excepcionales de este año, 13 millones más que el año anterior sobretodo por el impairment no monetario de 13 millones, 7 de ellos relacionados con activos por derecho de uso.

Tambien incluyen los costes adicionales y excepcionales de la tienda de 6000 metros cuadrados de Rolex en Reino Unido, la más grande de todo el grupo y la más relevante de Londres.

| 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.

Del balance solo destacar el aumento del Goodwill por las adquisiciones de Roberto Coin y la revista americana, y el aumento de inventario por 50 millones de inventario de Roberto Coin y 25 millones de Ernest & Jones. Los 10 millones restantes es ampliación de inventario para la temporada navideña, que será clave para el desempeño de la empresa este año.

*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.

De la deuda, aparte de lo ya comentado, mencionar que están trabajando en refinanciar los 115 millones de dólares que expiran en febrero de 2026. Según lo que mencionan, y en función de las negociaciones que están teniendo con las entidades bancarias, todo apunta a que van a conseguir esa refinanciación. Veremos a que intereses lo consiguen y la confianza que el mercado de crédito tiene de su plan empresarial.

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.

De esta página ya lo hemos comentado todo, vereis en el recuadro resaltado en rojo como la mayor parte del impacto en el FCF es por el capital de trabajo circulante, sobretodo por Roberto Coin y su estacionalidad.

## 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 | 1.7 | 1.9 |
| 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.

El capital allocation de la compañía es correcto, priorizando primero la reinversión, ya que tiene un buen retorno sobre el capital. Luego, lo que sobra, se retribuye a los accionistas vía dividendos o recompras. Este año no ha habido ni dividendos ni recompras, por lo cual se están centrando al 100% en la reinversión, lo cual, en mi opinión, es lo correcto y adecuado, ya que está creando valor a largo plazo para la empresa, algo que se demostrará en los próximos años.

## 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** |

Vemos cómo las tiendas totales de la compañía ascienden a 217, seis menos que el año anterior, principalmente debido al cierre de las seis tiendas en Europa, cumpliendo con el plan previsto.

[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.

En mi opinión, no hay más aspectos relevantes que comentar de estos resultados financieros del H2 2024. Ahora haré algunos comentarios adicionales sobre la llamada de ganancias en la página siguiente.

Algunas aclaraciones adicionales que se comentan en la llamada de ganancias y que me gustaría mencionar. El primero de ellos es que la temporada de Navidad ha empezado bien, por lo que dicen, y por ello se ven con confianza para mantener la guía de todo el año, y eso es bueno. Veremos qué sucede cuando acabe diciembre y enero, que son los meses clave, y ahí podrían o bien bajar la guía, o bien subirla, o bien mantenerla sin cambios.

Puedo mencionar que el tema que he comentado de las ventas locales en Reino Unido se aclara que en 2019 el 67% eran ventas locales y un 33% turistas, mientras que ahora solo el 6% es turístico por el tema de las ventas libres de impuestos que se han eliminado. Así que ojalá regresen porque sería un catalizador muy importante para el mercado de Reino Unido.

Las 8 marcas principales del grupo representan el 71% de los ingresos del H1. Muy interesante este mensaje del CEO en la call que dice: “Creemos que superamos al mercado tanto en la categoría 1 de compradores que compran con poca frecuencia, que representa el 45% de nuestras ventas en el Reino Unido y el 30% de nuestras ventas en los EE. UU., como en la categoría 4 de coleccionistas de series que representa el 26% de las ventas en el Reino Unido y un muy significativo 45% de las ventas en los EE. UU.”. Eso es muy bueno y demuestra su posicionamiento.

También explican: “Otra información nueva para usted de nuestra encuesta a clientes del Reino Unido, que muestra una clara preferencia por las compras multimarca en un 70% más de 2 a 1 en comparación con el 30% de preferencia por las monomarcas. Y de estos clientes, el 84% confirmó la importancia del asesoramiento y la experiencia independientes, como los que brindan nuestros excelentes colegas en nuestras salas de exposición”, lo cual aclara el porqué del éxito del modelo de negocio de la compañía. También, sobre el inventario, recuerdan algo que hemos mencionado en la tesis y en otras ocasiones: “No existe riesgo de obsolescencia en nuestro inventario y el costo de almacenamiento es muy bajo”. También aclaran que el guidance no incluye potenciales adquisiciones (otro catalizador potencial). Dejan también claro que la política de asignación de capital estará muy enfocada en adquisiciones estratégicas, así que cabe esperar más crecimiento inorgánico, probablemente, sobre todo en EE. UU. (suposición mía, no es oficial). Lo que sí dejan claro es que no tienen intención de diversificarse mucho más en joyería, por lo que se centrarán sobre todo en relojes (probablemente tiendas locales familiares como han hecho en el pasado).

Luego hablan de confianza en el guidance, mucha más que otras veces, y dicen literalmente: “Tenemos una buena visibilidad de nuestra entrada de socios clave y tenemos visibilidad a partir de este año, tenemos unidades y valor. Así que estoy muy confiado, totalmente confiado con los números que hemos incluido para las marcas clave y nuestro pronóstico y expectativas para el año. Las tasas de salida, hemos tenido una tendencia de mejora y, obviamente, hay una temporada importante que va de noviembre a diciembre hasta Navidad y ha sido buena y considerablemente mejor que el año pasado. [indiscernible] Digamos que el año pasado, el grupo de consumidores que era realmente reacio a gastar y realmente afectado por lo que estaba sucediendo en la economía, que incluía a nuestro grupo de consumidores aspiracionales a nivel regional en el Reino Unido, estaba lidiando con altas tasas de interés, el impacto de las altas tasas de interés, por así decirlo, y lo que les estaba costando junto con lo que fue un aumento bastante significativo en el precio del producto en nuestras tiendas. Este año, definitivamente hubo un sentimiento mucho mejor. Piense en todo el mercado y, ciertamente, en nosotros y en una propensión mucho mayor a gastar, una mayor confianza en general y, probablemente no, es definitivamente el consumidor aspiracional en el Reino Unido el que ha regresado y, obviamente, está muy bien representado a nivel regional y en todo el país”. (Respuesta a un analista en la ronda de preguntas y respuestas de la llamada de ganancias). Es de lejos el mensaje más optimista del CEO en las últimas 7 u 8 llamadas de ganancias que recuerdo desde que empezó el declive del sector en 2022.

Por cierto, sobre la tienda nueva de Rolex en Bond Street que van a abrir, la más grande de WOSG y de Rolex en Reino Unido, mencionan que además Rolex ha cerrado todos los demás puntos de venta en Bond Street con otros socios, así que tendrán el monopolio allí con esa megatienda. Antes había 4 tiendas en la región, 2 pequeñas de WOSG y 2 de competidores, ahora WOSG tendrá el monopolio en la región. Así que esa apertura en marzo puede ser otro impulsor/catalizador relevante, sobre todo de cara a 2026 fiscal (y quizás finales de 2025).

Aclaran también que el negocio de segunda mano de Rolex sigue creciendo a más del 50% interanual, y aclaran también que “la penetración del negocio de vehículos usados □□ en el primer semestre fue mayor debido a la reconstrucción de stock que tuvimos que hacer en EE. UU., lo que afectó negativamente a nuestro margen de producto. A medida que avanzamos hacia la segunda mitad del año, obviamente, esperamos una combinación más normalizada en nuestro negocio”. Aclaran que el segmento de segunda mano de Rolex ya está implantado en el 75% de sus tiendas de Reino Unido y aún muy por debajo en EE. UU., pero que lo implementarán al 100% allí también y esperan ser líderes indiscutibles del segmento.

También, sobre el suministro de productos, aclaran que: “En general, el suministro ha sido muy bueno en nuestro equipo de compras. Han hecho un gran trabajo al abastecerse con la combinación adecuada de productos para lo que sabemos que quiere el consumidor. Y, nuevamente, en esta época el año pasado, eso fue un poco más difícil.” Por lo tanto, parece que el encontronazo con Rolex ha quedado ya atrás y están recibiendo inventario de máxima calidad nuevamente.

También aclaran que: “Si nos fijamos en los productos usados certificados de Rolex, se venden a un precio un 30% superior al promedio de los nuevos. Claramente, el apetito del consumidor por pagar por productos difíciles de conseguir sigue ahí. Así que ese es el modelo de precios. Nuestro margen en productos usados ha mejorado ligeramente año tras año. Sé que han surgido preguntas sobre la volatilidad en el mercado secundario, pero nuestro margen neto general ha aumentado año tras año”, lo cual es muy importante. Aunque ese margen aún sigue siendo inferior al de los relojes principales, según dieron a entender en llamadas de ganancias anteriores.

Además, mencionan: “Creo que se hablará de la categoría de segunda mano durante muchos años más como un área de crecimiento para nosotros. Y, nuevamente, como mencionaste, Rolex es muy importante, pero también nos está yendo muy bien con las otras marcas.”

**Hasta aquí lo más relevante de la llamada de ganancias.**

## 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** |
| | | | |
| *Other comprehensive income:* | | | |
| **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 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 | Foreign exchange reserve £m | Total equity attributable to owners £m |
|---|---|---|---|---|---|---|---|
| **Balance at 1 May 2023** | **3.0** | **147.1** | **(2.2)** | **(18.4)** | **337.0** | **2.8** | **469.3** |
| Profit for the financial period | - | - | - | - | 47.0 | - | 47.0 |
| Other comprehensive income | - | - | - | - | (1.0) | 6.7 | 5.7 |
| Tax relating to components of other comprehensive income | - | - | - | - | 0.3 | (0.6) | (0.3) |
| Total comprehensive income | **-** | **-** | **-** | **-** | **46.3** | **6.1** | **52.4** |
| *Transactions with owners* | | | | | | | |
| Purchase of own shares* | - | - | - | (7.2) | - | - | (7.2) |
| Share-based payment charge | - | - | - | - | 1.9 | - | 1.9 |
| Share-based payments | - | - | - | 2.2 | (2.2) | - | - |
| Tax on share-based payments | - | - | - | - | (0.6) | - | (0.6) |
| **Balance at 29 October 2023** | **3.0** | **147.1** | **(2.2)** | **(23.4)** | **382.4** | **8.9** | **515.8** |
| | | | | | | | |
| **Balance at 29 April 2024** | **3.0** | **147.1** | **(2.2)** | **(23.4)** | **394.1** | **4.4** | **523.0** |
| Profit for the financial period | - | - | - | - | 28.9 | - | 28.9 |
| Other comprehensive income | - | - | - | - | 0.6 | (7.9) | (7.3) |
| Tax relating to components of other comprehensive income | - | - | - | - | (0.1) | 0.6 | 0.5 |
| Total comprehensive income | **-** | **-** | **-** | **-** | **29.4** | **(7.3)** | **22.1** |
| *Transactions with owners* | | | | | | | |
| Share-based payment charge | - | - | - | - | 1.7 | - | 1.7 |
| Share-based payments | - | - | - | 2.2 | (2.2) | - | - |
| Tax on share-based payments | - | - | - | - | 0.8 | - | 0.8 |
| **Balance at 27 October 2024** | **3.0** | **147.1** | **(2.2)** | **(21.2)** | **423.8** | **(2.9)** | **547.6** |

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 an Employee Benefit Trust which has been set up for this purpose. The Group adopts a ‘look-through’ approach, which in substance, accounts for the Trust as an extension of the Parent. Own shares are recorded at cost and are deducted from equity.

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

| | Note | 26 week period ended 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

**1. General information and basis of preparation (continued)**

**Going concern (continued)**
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.

**1. General information and basis of preparation (continued)**

**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).

**2. Segment reporting (continued)**

| | 26 week period ended 29 October 2023 | | | |
|---|---|---|---|---|
| | UK and Europe | US | Corporate | **Total** |
| | £m | £m | £m | **£m** |
| **Revenue** | 433.6 | 327.8 | - | **761.4** |
| Net margin | 157.8 | 122.3 | - | **280.1** |
| *Less:* | | | | |
| Showroom costs | (79.4) | (57.8) | - | **(137.2)** |
| Overheads | (23.3) | (18.7) | (1.4) | **(43.4)** |
| Showroom opening and closing costs | (4.0) | (1.5) | - | **(5.5)** |
| **Adjusted EBITDA** | **51.1** | **44.3** | **(1.4)** | **94.0** |
| Depreciation, amortisation and loss on disposal of assets | (13.0) | (6.9) | (0.7) | **(20.6)** |
| **Segment profit/(loss)** | **38.1** | **37.4** | **(2.1)** | **73.4** |
| IFRS 16 adjustments | | | | **8.3** |
| 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.

**2. Segment reporting (continued)**

***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 |
| *Exceptional cost of sales* | | |
| Rolex Old Bond Street (IFRS 16 depreciation)[(i)] | (1.1) | - |
| **Total exceptional cost of sales** | **(1.1)** | **-** |
| | | |
| *Exceptional administrative costs* | | |
| 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)** |
| | | |
| *Exceptional finance costs* | | |
| 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 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.

(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 |
| *Finance costs* | | |
| 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)** |
| *Finance income* | | |
| 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 |

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.

**7. Earnings per share (EPS) (continued)**

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 |
| *Add back:* | | |
| 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 |
|---|---|---|
| **Weighted average number of shares:** | '000 | '000 |
| 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 |
| *Net book value* | | | | | | |
| 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 |
| *Net book value* | | | |
| 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) | 1.9 | - | **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 |
| *Financial assets – held at amortised cost* | | | |
| 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** |
| | | | |
| *Financial liabilities – held at amortised cost* | | | |
| 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.

**15. Business combinations (continued)**

*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**<br>**Chief Executive Officer** | **Anders Romberg**<br>**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.

**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** |
| *4-Wall EBITDA margin* | *18.2%* | *18.8%* |
| **EBITDA (unadjusted)** | **92.1** | **99.5** |
| *EBITDA (unadjusted) margin* | *11.7%* | *13.1%* |
| **Adjusted EBITDA** | **87.3** | **94.0** |
| *Adjusted EBITDA margin* | *11.1%* | *12.3%* |
| **Adjusted EBIT** | **66.2** | **73.4** |
| *Adjusted EBIT margin* | *8.4%* | *9.6%* |

### 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 | 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** |