Watches of Switzerland Group PLC
H1 FY22 Results

for the 26 weeks to 31 October 2021 (H1 FY22)

Strong performance underpinning recently upgraded guidance
US expansion strategy advanced with acquisitions of five stores now completed

Watches of Switzerland Group PLC ('the Group') today provides the following financial results relating to the 26 weeks ending 31 October 2021.

Strong, broad-based sales performance resulting in significant growth in H1 FY22 profit

- Group revenue £586.2 million (H1 FY21: £414.3 million), +44.6% vs H1 FY21 and +40.8% vs H1 FY20 (both in constant currency[2])
    - Continued strong demand for luxury watches and jewellery, with growth led by a significant increase in volumes of non-supply constrained brands
    - Each individual brand showed positive average selling price (ASP) growth
    - Group ecommerce sales[1] grew +28.7% on last year
- Adjusted EBITDA[2] +58.8% to £82.8 million (H1 FY21: £52.2 million)
    - Adjusted EBITDA margin[2] of 14.1% (H1 FY21: 12.6%)
- Adjusted EBIT[2] +62.7% to £67.5 million (H1 FY21: £41.5 million)
- Statutory operating profit +58.6% to £72.3 million (H1 FY21: £45.6 million)
- Statutory profit before tax £64.7 million (H1 FY21: £36.2 million)
- Expansionary capital expenditure[3] of £19.1 million (H1 FY21: £9.1 million) with eight new stores opened, two stores acquired, three stores expanded, and five stores refurbished
- Free cashflow[2] of £102.3 million (H1 FY21: £116.1 million) with conversion of 123.6%
- Return on capital employed[2] increased to 23.1% (H1 FY21: 17.2%)
- Net cash[2] of £30.0 million as at 31 October 2021 (25 October 2020: net debt[2] of £22.7 million)

Operating highlights

- Growth achieved through consistent investment in marketing, stores, systems and people
- Following a period of destocking during Q1 FY22, in Q2 FY22 the Group actively re-built store stock for Rolex in the US and the UK to enhance brand representation
    - Change in management of Rolex store stock to be exhibition-only
- Outstanding US performance delivered with revenue £167.6 million, +50.2% vs H1 FY21 and +66.7% vs H1 FY20 (both in constant currency)
    - Expansion strategy advanced with previously announced agreements to purchase five stores in Plano (Dallas), Vail, Aspen, Greenwich and Minneapolis. The combined Last Twelve Months revenue for these stores was approximately US$100.0 million and future profitability is expected to be in line with the Group's US average
- Robust UK performance continues to be generated by a thriving domestic clientele, with revenue £418.6 million +42.3% vs H1 FY21
    - Revenue +31.8% vs H1 FY20 when 33.6% of Group sales were generated by tourists[3] and airports (all in the UK) vs negligible tourist and significantly reduced airport business in H1 FY22

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[1] Ecommerce sales are sales which are transacted online

[2] This is an Alternative Performance Measure and is shown on a pre-IFRS 16 basis. Refer to the Glossary on page 40 for definition, purpose and reconciliation to statutory measures where relevant

[3] Refer to the Glossary on page 40 for definition

- Continued investment in store network across both the UK and the US with several important projects completed:
  - Opening of enhanced Rolex dedicated space within Mayors Aventura, Phase I of the store's refurbishment plan
  - Introduction of Goldsmiths Luxury concept in two stores (Canterbury and Reading)
  - Refurbishment of a further five stores in the UK
  - Opening of a mono-brand boutique in Trafford Centre
  - Opening of one Goldsmiths store and two mono-brand boutiques in Edinburgh St James
  - Opening of three mono-brand boutiques in Plymouth

Current trading and outlook

- Q3 trading to date supports full year guidance upgraded on 9 November 2021
- Well-stocked for Holiday trading period
- Since the end of H1 FY22, we have opened our first Bvlgari mono-brand boutique in Mayors Aventura, completed the refurbishment of a further three stores in the Goldsmiths Luxury format, acquired a further three stores in the US, and opened an additional two mono-brand boutiques in the UK
- The Group has an exciting pipeline of store projects planned:
  - Continued investment in the Mayors network in Florida and Georgia
    - Opening of refurbished stores in Aventura Phase II, Florida and Boca Raton, Florida
  - Further expansion of Watches of Switzerland stores in the US:
    - Opening of new stores in American Dream, New Jersey and in Kenwood Towne Centre, Cincinnati
  - Opening of refurbished Rolex boutique in Wynn Resort, Las Vegas
  - Further mono-brand activity in the UK and the US
  - Opening of new Watches of Switzerland store in Battersea
  - Roll out of Goldsmiths Luxury elevated store formats
- Our guidance reflects visibility of supply of key brands. The Group does not expect the return of tourism and airport business to pre-pandemic levels during the year
- As announced on 9 November 2021, we upgraded our guidance for FY22 as follows (on a 52-week, pre-IFRS 16 basis):
  - Revenue: £1.15 billion to £1.20 billion (previous guidance £1.05 billion to £1.10 billion)
  - EBITDA and Adjusted EBITDA margin %: +1.0% to +1.5% vs last year (previous guidance flat to +0.5% vs last year)
  - Depreciation, amortisation, impairment and profit/loss on disposal of fixed assets: £30.0 million to £32.0 million (no change vs previous guidance)
  - Total finance costs: £4.0 million to £4.5 million (no change vs previous guidance)
  - Underlying tax rate: 21.0% to 22.5% (no change vs previous guidance)
  - Capex: £45.0 million to £50.0 million (previously £40.0 million to £45.0 million)
  - Net debt: £10.0 million to £20.0 million (previously £20.0 million to £30.0 million)
  - Average USD/GBP full year rate of $1.40

Brian Duffy, Chief Executive Officer, said:

"I am delighted with our excellent first half year performance. We introduced several initiatives and enhancements during difficult trading circumstances last year which have become permanent features of the business, enabling us to continue to maintain high engagement levels with our customers whilst providing an exceptional experience and delivering attractive returns. Our success in both the UK and the US has been testament to our robust multichannel business model, the enthusiasm and commitment of our people, and the attractive dynamics of our category where demand continues to outpace supply.

We have started the third quarter with continued strong momentum and are well positioned heading into the Holiday period.

Through a consistent investment programme, we have further strengthened the business, paving the way for continued success as we advance our Long Range Plan objectives to strengthen our luxury watch leadership in the UK, become the clear market leader in the US and capitalise on the growth potential in the EU market."

H1 FY22 Revenue performance by geography

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

H1 FY22 Revenue performance by category

	H1		
(£million)	26 weeks to 31 Oct 2021	26 weeks to 25 Oct 2020	Reported YoY %
Luxury watches	508.8	362.1	40.5%
Luxury jewellery	40.8	26.3	54.9%
Other	36.6	25.9	41.6%
Group Revenue	**586.2**	**414.3**	**41.5%**

H1 FY22 Results Conference call

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

Webcast link: https://webcasting.brrmedia.co.uk/broadcast/615ad0594e29f55a9419010f
Participant Access Code: 8698080

The presentation will be followed by a live Q&A for analysts and investors, who will be able to ask questions via the following telephone details:
United Kingdom (Local): +44 (0)330 336 9125
Participant Access Code: 8698080

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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 both the UK and US, comprising four prestigious brands; Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK) and Mayors (US), with complementary jewellery offering.

As at 31 October 2021, the Watches of Switzerland Group has 163 stores across the UK and US including 46 dedicated mono-brand boutiques in these two markets in partnership with Rolex, TAG Heuer, OMEGA, Breitling, Audemars Piguet, Tudor, Grand Seiko and FOPE and has a leading presence in Heathrow Airport with representation in Terminals 2, 3, 4 and 5 as well as six transactional websites.

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

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

https://www.thewosgroupplc.com

Cautionary note regarding forward-looking statements
This announcement has been prepared by Watches of Switzerland Group PLC (the 'Company'). It includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this announcement and the information incorporated by reference into this announcement and may include statements regarding the intentions, beliefs or current expectations of the Company Directors or the Group concerning, amongst other things: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy and future prospects; (ii) business and management strategies, the expansion and growth of the Group's business operations; and (iii) the effects of government regulation and industry changes on the business of the Company or the Group.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, liquidity, and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement and/or the information incorporated by reference into this presentation.

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.

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 which are described in the Annual Report and Accounts 2021 in Risk Management and Principal Risks and Uncertainties.

Chief Executive Officer's Review

Our Group has reached new heights during the first half of the financial year, with a further strengthening of the business in our existing markets of the UK and the US. We delivered a strong increase in first half year profit, driven by margin enhancing and broad-based growth, as we progressed on our Long Range Plan objectives.

Luxury watches continue to benefit from a strong demand environment and we have seen growth in the period led by a significant increase in volumes of non-supply constrained brands. Luxury jewellery has also experienced robust growth, with sales in the category +54.9% vs last year.

Our robust UK performance has been generated by a thriving domestic clientele. Despite negligible tourist and much reduced airport business, UK revenue in the first half grew by +42.3% vs H1 FY21 and +31.8% vs H1 FY20, when 33.6% of the business was generated by tourists and airports. We continue to invest in our stores, where we further expanded and elevated the network. We generated strong growth from our ecommerce business despite stores being fully opened this year and having been partially closed in the prior year period.

In the US, we are continuing to make strides in further establishing a strong presence in the market. US revenue increased by +50.2% vs H1 FY21 and +66.7% vs H1 FY20 (both in constant currency). We continue to enhance the Mayors network with phase I of the Aventura store elevation complete. We also advanced our expansion strategy through the agreement to acquire five stores in four new states for the Group, broadening our representation in the market to a total of 36 stores (22 multi-brand, 14 mono-brand boutiques).

We have introduced the new customer experience initiative, Xenia, in our business in the UK and in the US and will continue to develop and enhance this in coming months.

I would like to thank our teams who have been remarkable in embracing new ways of engaging with our customers and adapting to new challenges, particularly during the last eighteen months. Their resilience and commitment have enabled the Group to be successful.

As announced, we are very excited to have Bill Floydd join us as CFO on 1 January 2022. Anders Romberg, the current CFO, will be stepping down and will retire from the Group following a suitable handover period with Bill. I want to thank Anders for all his help and support over the past seven years and he goes with our best wishes for the future.

I am proud of the progress we are making on ESG. We held the inaugural meeting of The Watches of Switzerland Group Foundation during the period and have many exciting plans for this initiative in coming months. The recently established ESG Committee has also begun its work in advancing our priorities in this area.

Looking ahead, we will continue to invest in our business in order to deliver on our Long Range Plan objectives. I am confident that our Group is stronger than ever and well positioned for growth.

Group Strategy Delivering Outstanding Results

The Group delivered an outstanding sales and profit performance during H1 FY22, advancing on the strategic priorities laid out in the Long Range Plan to FY26.

To recognise the importance of our Environmental Social and Governance (ESG) programme, this workstream has been added to the Group's strategic priorities.

Within the framework of its seven strategic priorities, the Group made significant progress through continued elevated levels of investment and focus on further developing a customer-centric business model.

1) Grow revenue, profit and return on capital employed

Against a backdrop of more normalised trading patterns with our store network being open throughout the first half year period, we continued to invest in further enhancing and building our portfolio, both in the UK and the US. Significant progress has been delivered during the half year period including:

UK

- Introduction of Goldsmiths Luxury concept in two stores (Canterbury and Reading)
- Opening of three mono-brand boutiques (OMEGA, TAG Heuer, Breitling) in Plymouth
- Opening of a new Goldsmiths store and two new mono-brand boutiques (OMEGA, Breitling) in Edinburgh and one new TAG Heuer mono-brand boutique in Manchester
- Further development of store network with five refurbishments across the estate

US

- Opening of enhanced Rolex dedicated space within Mayors Aventura, Phase I of the store's refurbishment plan
- Eight mono-brand boutiques recently opened are performing strongly and gathering pace
- Purchase of five stores (three of which completed on 1 December 2021) leading to the entrance of the Group in four new states with locations in Plano (Dallas), Texas; Vail and Aspen, Colorado; Greenwich, Connecticut and Minneapolis, Minnesota

We will continue to invest in our store portfolio and have an exciting pipeline for future store projects across both the UK and the US including several new mono-brand boutiques, the continued elevation of the Mayors estate in Florida and Georgia, as well as the ongoing upgrade and modernisation of the core store portfolio in the UK, with the continued roll out of Goldsmiths Luxury.

2) Enhance strong brand partnerships

Our strong and long-standing relationships with the most recognised and prestigious luxury watch brands have remained a point of distinction and have further strengthened during this period.

In the US, we debuted a ground-breaking advertising film which served as the most extensive multi-branded timepiece campaign the industry has ever seen. Featuring eight leading brand partners including Grand Seiko, TAG Heuer, OMEGA, Breitling, MB&F and Ulysse Nardin and entitled 'Anytime. Anywhere.', it was produced in partnership with Creative Director and Photographer, Jay Gullion. The film is an unprecedented artistic undertaking that speaks directly to today's watch connoisseurs. It imagines a life well-lived, marking exceptional moments with a curated selection of world-class timepieces, worn by industry changemakers in spectacular settings set across the United States.

The mono-brand boutique channel has been further developed in both the UK and the US with several new openings and some enhancements. This includes several mono-brand boutiques in new markets in the UK across the OMEGA, TAG Heuer and Breitling brands, the enhanced Rolex boutique in Mayors Aventura as well as our first Bvlgari boutique, also in Mayors Aventura. Further mono-brand boutique openings are planned in both the UK and the US going forward.

We are also proud to have launched exclusive timepieces with key partners brands, further distinguishing our competitive advantage in both the UK and US.

3) Deliver an exceptional customer experience

Our first half saw the global launch of 'Xenia' our new customer experience programme, with retail led training to set new industry standards in client hospitality, with over 250 of our team colleagues in attendance at launch events held in the UK and the US.

We continued our core focus of 'experience', resuming in person, live events. Over 70 events were held in the UK, entertaining over 3,800 clients in localised, private, intimate client appreciation dinners and receptions, or instore exhibitions, the first time since pre-pandemic. In the US, the Summer Watches of Switzerland 'Airstream' event included a 100-person private event for the Doxa brand, where the Group is the exclusive distributor. VIP guests included designer Cynthia Rowley and Dave Guy of the Roots. This culminated in the Group hosting the Hamptons Classic Horse Show in partnership with long time event sponsor, Longines. The mobile retail unit was on site to greet the 25,000 spectators throughout the week. Watches of Switzerland hosted 20 VIP guests for a Grand Prix luncheon celebrating the best in show jumping and awarding the winner with a Longines timepiece.

In the UK, we continued to develop and enhance our customer experience through our online appointment system, 'By Personal Appointment' accounting for approximately 40% of our UK sales during the period. We also invested in our Virtual Luxury Boutique and expanded our in-house photography team to ensure we provide the very best experience to all customers online.

CRM and clienteling remained a core focus with over 30 guides produced in support of new product launches, trends, gift guides and specialist timepieces.

4) Drive customer awareness and brand image through multimedia with bold, impactful marketing

Investment in our digital marketing channels and campaigns has continued to be a core pillar and has grown from strength to strength.

At the beginning of the financial year, we refreshed our digital display first campaign globally, continuing to focus on communicating the breadth of range available to a highly targeted luxury audience, combining our Search & Shopping strategy with YouTube, Display and Paid Social.

In the first half year in the UK, we achieved an average monthly digital social media reach of 40.1 million and a total of 2.9 billion digital impressions. In the US, we delivered 400 million impressions and had an average social media reach of 6 million, in addition to generating over 2.4 billion PR impressions.

We also transitioned 'Calibre', our online platform for all luxury watch knowledge and expertise, to our core websites to benefit from higher traffic.

We launched our new Goldsmiths Luxury stores in the UK with two stores converted to the new concept during H1 FY22. We introduced dedicated launch plans across PR, social media, events and email to support each store, along with a new local advertising campaign and localised sponsorships to elevate the brand awareness locally. To kick start the launch, we held a press lunch in July, hosting over 35 key UK journalists from a range of national and local media titles.

We continue to partner with key brands on co-operative marketing activities with increased investment across both digital and traditional marketing, including new national and local advertising plans to support our core brands and mono-brand boutique business.

The first half has seen us launch seven new mono-brand boutiques globally, six in the UK and one in the US, each with their own local marketing support plan to create localised awareness. Since the end of the period, we have opened the first Bvlgari mono-brand boutique globally, located in Mayors Aventura.

5) Leverage best in class operations

Merchandising

Our merchandising function is a key customer-focused driver of product availability and access and provides a unique point of difference in the way we run our stores.

Our merchandising capabilities utilise a customer-centric approach and best in class systems to optimise stock availability, enhance store productivity and allow for nationwide coverage. Our advanced market analysis is run on SAP software which enables extensive store profiling, productivity and trend analyses, and sales and inventory forecasting.

Retail operations

As an integral part of our multi-channel model, each of our stores is run to be profitable. This is achieved through maintaining a high level of accountability and performance management in running our retail network.

Our programme of continued investment has enabled us to further drive productivity in both the UK and the US platforms. In the UK we introduced Goldsmiths Luxury to two stores in the period, and completed a further three stores in this format after the period end. In the US, we are focused on generating high returns from refurbishing and upgrading the remaining stores in the Mayors network which have not yet been modernised.

The Group's store base is largely run via fixed rent agreements, having successfully renegotiated certain contracts and transitioned from turnover rent to fixed rent agreements in the prior year period. We have also renegotiated the contracts for our stores in Heathrow Airport on revised terms.

IT Systems

Our leading-edge IT systems have continued to be a fundamental competitive advantage for the Group. Our systems comprise a single and shared SAP instance for ERP, ecommerce and business intelligence. This SAP core is supported by a specialist point-of-sale and CRM front-end, served on mobile tablets across all our stores. Our single IT template has been deployed across the Group and can support further expansion as required. Our retail payment partner Adyen equips us with a fully featured, mobile and international payment platform across all sales channels, and both stores and ecommerce benefit from a shared inventory, shared digital assets, and click and collect capabilities.

We continue to refresh and expand our in-store technology, ensuring store teams have the best technology to hand in support of every customer transaction.

We continue to work on further developing and enhancing CRM and sales support technology, with updates planned in coming months.

6) Expand multi-channel leadership

Our multi-channel business model is a key competitive advantage and underscores our ability to react with speed and agility to a rapidly evolving consumer environment whilst offering our customers an exceptional experience. We continue to invest in expanding and enhancing our platform, consisting of multi-brand stores, online, travel retail and mono-brand boutiques.

Multi-brand stores

Our multi-brand store network has nationwide scale in the UK and is continuing to build at pace in the US, where we have an established presence in Florida, Georgia, New York and Las Vegas and recently entered the new markets of Cincinnati, Minneapolis, Plano (Dallas), Vail, Aspen and Greenwich.

Our modern and welcoming store environments showcase a selection of the world's finest watches whilst inviting our customers to have an exceptional experience. Our investment programme continues to focus on elevating and upgrading the existing network as well as opening in new, strategic locations.

Online

We continue to leverage our position as the authorised luxury watch and jewellery partner of choice, significantly building on the largest portfolio of luxury watch brands in the UK. We have a competitive advantage in the volume of traffic generated via our technically advanced Artificial Intelligence (AI)-driven marketing approach and further expanded our always-on digital performance marketing campaigns with refreshed creative and further optimisation through automation.

Due to the continued changing retail landscape, we continue to focus on offering the widest array of shopping opportunities, allowing our customers to reach out to local store expertise remotely through video, voice or in-person utilising our 'By Personal Appointment' booking system, alongside our centralised Luxury Watch and Jewellery Virtual Boutique, which we have significantly expanded due to the continued customer demand of this channel.

Following our user experience audits with Baymard, Google and SAP we made several enhancements to our platform to improve both customer experience and improve conversion.

We expanded our payment options to offer more consumer choice and enhance the checkout process experience.

Our web-enabled store platform has been further improved and provides our customers access to shop the full online catalogue whilst in our stores.

Working collaboratively with key partners such as Google (digital marketing), Vee24 (video and text concierge) and DPD (direct delivery), we use the most efficient, cutting-edge digital marketing while offering a best in class, harmonised omni-channel shopping experience. We have dedicated inventory for our luxury watches across our websites, which allows us to offer a next day delivery service until 9pm seven days a week.

Our online business had an exceptional half year, with Group ecommerce sales +28.7% versus last year.

Mono-brand boutiques

We have further developed and enhanced our mono-brand boutique channel. During the half year period, we opened four new mono-brand boutiques, bringing our global network to a total of 46 boutiques (UK: 32, US: 14) as at 31 October 2021.

During the first half, our UK network saw the opening of six new mono-brand boutiques, including three in Plymouth, a new location for the Group. In the US we opened two enhanced Rolex boutiques, one in Mayors Aventura as Phase I of the store's refurbishment programme, and one in Wynn Resort, Las Vegas. We opened our first Bvlgari mono-brand boutique, also in Mayors Aventura, after the half year end.

We will continue to work closely with our brand partners to further develop and enhance our mono-brand boutique network with a strong pipeline of projects planned.

Travel retail

Travel retail has started to show encouraging signs of a post COVID-19 recovery, although passenger numbers and global travel remains below pre-pandemic levels. The Group does not expect the return of tourism and airport business to pre-pandemic levels during the year but believes the channel offers a significant medium and long-term growth opportunity for the business, with visibility in prominent locations providing access to the international customer base. Our network is well positioned for improved industry trends.

We renegotiated the contracts for our stores in Heathrow Airport on revised terms.

7) Continue to advance the ESG agenda

We have always prided ourselves on operating a responsible business and upholding our core value to 'do the right thing', which is reflected in our ESG programme.

As part of our commitment to continuous improvement, we have formalised our approach to ensure ESG priorities are governed at the highest level of our business.

We have appointed a Head of ESG and established an ESG Committee as a sub-Committee of our Board, which is Chaired by our Non-Executive Director, Rosa Monckton, MBE.

With the full support of our Board, we are in the process of developing a sustainability and social impact strategy, which puts positive social purpose at its core. This includes:

- Rejuvenating our purpose, vision, values and culture to align with our commitment to help maintain a robust economy, protect our planet and support a stronger society
- Further enhancing stakeholder engagement to enable us to make highly informed decisions
- Delivering on our pledge to achieve decarbonisation across our Group before 2040
- Contributing to a more circular economy by striving to keep products, components and materials at their highest utilisation and value throughout their lifecycles
- Pledging £3.0 million through our Watches of Switzerland Foundation to support a number of causes, with an emphasis on helping poor and vulnerable people out of poverty

We plan to continue to further enhance our ESG programme going forward, recognising the importance these areas have in the way we do business.

Chief Financial Officer's Review

The Group's Statutory Income Statement is shown below which includes IFRS 16 adjustments and exceptional items.

Statutory Income Statement (£million)	26 weeks to 31 October 2021	26 weeks to 25 October 2020	YoY variance
Revenue	**586.2**	**414.3**	**41.5%**
Operating profit	**72.3**	**45.6**	**58.6%**
Net finance costs	(7.6)	(9.4)	19.5%
Profit before tax	**64.7**	**36.2**	**79.0%**
Tax	(13.1)	(7.3)	-79.4%
Profit after tax	**51.6**	**28.9**	**78.9%**
Basic Earnings Per Share	**21.6p**	**12.0p**	**80.0%**

Management monitors and assesses the business performance on a pre-IFRS 16 and pre-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 are shown in the Glossary on page 40. It should be noted that IFRS 16 is not material to profit before tax, the total adjustments increased profit before tax by £0.8 million in H1 FY22 (H1 FY21: reduced by £0.3 million).

We have also provided a comparison to FY20, which is more comparable due to the impact of COVID-19 during FY21.

Income Statement – pre IFRS 16 and exceptional items (£million)	26 weeks to 31 October 2021	26 weeks to 25 October 2020	YoY variance	26 weeks to 27 October 2019	2-year variance
Revenue	**586.2**	**414.3**	**41.5%**	**428.7**	**36.7%**
Net margin[2]	220.5	150.5	46.5%	160.6	37.3%
Store costs	(100.2)	(72.1)	-39.0%	(93.1)	-7.6%
4-Wall EBITDA[2]	**120.3**	**78.4**	**53.5%**	**67.5**	**78.3%**
Overheads	(33.1)	(24.3)	-36.5%	(23.8)	-39.6%
EBITDA[2]	**87.2**	**54.1**	**61.1%**	**43.7**	**99.2%**
Store opening and closing costs	(4.4)	(1.9)	-120.6%	(2.5)	-71.4%
Adjusted EBITDA	**82.8**	**52.2**	**58.8%**	**41.2**	**100.9%**
Depreciation, amortisation and loss on disposal of fixed assets	(15.3)	(10.7)	-43.7%	(10.1)	-52.5%
Adjusted EBIT (Segment profit)	**67.5**	**41.5**	**62.7%**	**31.1**	**116.7%**
Net finance costs	(1.8)	(3.2)	44.5%	(4.6)	62.1%
Adjusted profit before tax[2]	**65.7**	**38.3**	**71.6%**	**26.5**	**148.0%**
Adjusted basic Earnings Per Share[2]	**21.8p**	**12.6p**	**73.0%**	**9.3p**	**134.4%**

Revenue

Group revenue increased by +41.5% to £586.2 million in the first half of the year, +44.6% in constant currency[2]. The prior year was impacted by COVID-19 lockdowns, and on a two-year basis, revenue increased by +36.7%, +40.8% in constant currency.

The UK business was impacted more by COVID-19 lockdowns in the prior year than the US. UK stores were closed for a seven-week period from the start of the year until 15 June 2020. In the US, stores began to re-open in early May 2020, with Hudson Yards being the last store to open in September 2020. As disclosed during FY21, we estimate that the Group lost approximately £80.0 million of sales in H1 FY21 as a result of COVID-19.

Group ecommerce sales, grew +28.7% on last year, despite stores having been fully opened in H1 FY22, showing the continuing strength of our online proposition.

Q1 and Q2 of FY22 were impacted by a number of factors which influenced the timing of sales.

In Q1 FY22 the Group sold more supply-constrained product than intake, which increased sales but reduced stock levels. This led to store displays being significantly depleted, particularly of Rolex product. In Q2 FY22, the Group agreed with Rolex to implement a minimal level of display stock within all stores in the UK and US. This allows the business to appropriately represent the Rolex range and provide customers with the ability to view product. This display product is not for sale and is displayed as 'For Exhibition Only' within the stores. As such, the Group went through a re-stocking process in Q2 FY22 which reduced possible sales within that quarter. The correct level of display stock is now in place, therefore the re-stocking can be considered a one-off event in Q2 FY22.

Revenue by category

26 weeks to 31 Oct 21 (£million)	UK	US	Total	Mix
Luxury watches	353.4	155.4	508.8	86.8%
Luxury jewellery	32.2	8.6	40.8	7.0%
Other	33.0	3.6	36.6	6.2%
Group revenue	**418.6**	**167.6**	**586.2**	**100.0%**

26 weeks to 25 Oct 20 (£million)	UK	US	Total	Mix
Luxury watches	249.9	112.2	362.1	87.4%
Luxury jewellery	20.5	5.8	26.3	6.4%
Other	23.8	2.1	25.9	6.2%
Group revenue	**294.2**	**120.1**	**414.3**	**100.0%**

We saw continued strong demand for luxury watches, for which sales grew by +40.5% in the first half of the year, making up 86.8% of the mix. We were particularly pleased with the performance of non-supply constrained brands during the period. Rolex sales grew by mid-teens, whilst the overall growth in luxury watches was +40.5%. Non-supply constrained brand sales more than doubled compared the prior year period and made up 28.2% of the total sales mix compared to 18.5% in H1 FY21. This demonstrates that revenue growth was transaction-led, rather than being driven by ASP. ASP increased by individual watch brand but reduced in total due to brand mix.

Jewellery has performed exceptionally well, increasing by +54.9%, ahead of the Group total sales increase. Demand for bridal and diamond jewellery has been particularly strong, with the reintroduction of weddings post COVID-19 restrictions.

Other revenue consists of servicing, repairs and insurance services and the sale of fashion and classic watches and jewellery. Sales of fashion and classic watches and jewellery now make up 3.0% of Group sales.

Sales by region

The UK performance continues to be robust, with sales +42.3% vs H1 FY21 to £418.6 million. This has been delivered through a thriving domestic clientele.

The table below shows the proportion of airport and tourist sales compared to total Group sales.

	26 weeks to 31 October 2021	**26 weeks to 25 October 2020**	**26 weeks to 27 October 2019**
Tourist and airport sales as a percentage of total revenue	1.7%	7.4%	33.6%

The tourist customer demographic has been replaced with domestic clientele, with the domestic business in the UK doubling from H1 FY20. With the UK Government's decision to end the VAT-free shopping scheme for tourists, we do not expect tourist shopping to come back to FY20 levels. Four stores at Heathrow are now operating, whilst two stores at Terminal 4 remain closed. Passenger numbers within the airports are increasing, and during the first half of the year we renegotiated terms with Heathrow Airport.

The Group has continued to progress its mono-brand boutique strategy by opening seven mono-brand boutiques during the 26 week period. The Group also completed the refurbishment of the ex-Fraser Hart stores at Stratford, Brent Cross and Kingston along with the commencement of the Goldsmith Luxury roll-out with Reading and Canterbury.

Strong momentum in the US has continued, with revenue of £167.6 million up by +39.5% on the prior year and +50.2% in constant currency. On a two-year basis sales were +50.9% and +66.7% in constant currency.

Q3 FY22 will see the annualisation of the US mono-brand boutiques opened last year, along with the opening of the Grand Seiko boutique in Manhattan, New York. We are pleased with the performance of these stores to date.

Profitability

Profitability as a % of sales	**26 weeks to 31 October 2021**	**26 weeks to 25 October 2020**	**26 weeks to 27 October 2019**
Net margin	37.6%	36.3%	37.5%
Store costs	17.1%	17.4%	21.7%
4-Wall EBITDA	20.5%	18.9%	15.7%
EBITDA	14.9%	13.1%	10.2%
Adjusted EBITDA	14.1%	12.6%	9.6%
Adjusted EBIT	11.5%	10.0%	7.3%

Net margin % increased by 130 bps as a result of product mix. The increase in mix of non-supply constrained brands in H1 FY22 improved the margin mix along with the higher proportion of jewellery sales. The net margin is now more in line with pre-COVID levels as can be seen in the table above.

Store costs increased by £28.1 million (+39.0%) from the prior year, to £100.2 million. £8.5m of the increase relates to COVID-19 one-offs recognised in the prior year. This included £3.5 million under the US Government's Paycheck Protection Program, £2.8 million from the UK Government's Furlough Scheme and incremental rates relief of £2.2 million. In the second half of FY21 an accrual was made for the repayment of UK furlough funding received (and the payment subsequently made in H1 FY22). The further increase in store costs comes from variable costs and investment in new stores, performance marketing, and our newly launched Xenia project. Despite the reduction in Government support in H1 FY22, the Group managed to leverage store costs further, with a decrease in store costs as a percentage of sales of 30 bps.

Overheads increased by £8.8 million (+36.5%) through the investment in marketing, people (including incentives) and a further commitment of £1.5 million accrued to the Watches of Switzerland Group Foundation. Overheads also benefited from £0.9 million of furlough/PPP funding in the prior year.

Store opening and closure costs

Store opening and closing costs include the cost of rent (pre-IFRS 16), rates and payroll, prior to the opening or closing of stores, normally during the period of fit out and includes periods of refurbishment. This cost will vary annually depending on the scale of expansion in the period.

Exceptional administrative items

Exceptional items are defined by the Group as those which are significant in magnitude and are linked to one-off, non-recurring events. These items are detailed in the table below and are shown post-IFRS 16.

Exceptional items (£million)	**26 weeks to 31 October 2021**	**26 weeks to 27 October 2020**
IPO costs	1.5	2.1
Acquisition costs	0.4	-
Reversal of expected credit losses	-	(0.2)
Reversal of impairment of right-of-use assets	-	(0.1)
Total	**1.8**	**1.8**

The IPO costs of £1.5 million in the current year relate to IPO-linked share-based payments (H1 FY21: £2.1 million), these options vested in June 2021 and there will be no further expense in relation to these in future periods.

The acquisition costs relate to legal and professional expenses incurred on business acquisitions.

The prior year reversal of expected credit losses and impairment of right-of-use assets reflected the updated review of prior year COVID-19 related provisions.

Finance costs

Net finance costs (£million)	**26 weeks to 31 October 2021**	**26 weeks to 25 October 2020**
Interest payable on borrowings	1.3	2.3
Amortisation of capitalised transaction costs	0.4	0.5
Other	0.1	0.5
IFRS 16 interest on lease liabilities	5.8	6.3
Interest receivable	-	(0.2)
Total	**7.6**	**9.4**

Interest on borrowings reduced by £1.0 million due to the lower level of debt in the current year. Interest was limited to the non-current term loan, and the margin on that loan has reduced in line with the more favourable leverage of the Group.

Interest on IFRS 16 liabilities has reduced by £0.5m as a result of the average remaining life on leased assets reducing.

Taxation

The overall Effective Tax Rate (ETR) for the period was 20.7% after IFRS 16 adjustments and 20.3% before these adjustments. The ETR is higher than the UK rate of 19% as it incorporates a US ETR of 27.3% on US profits for the period.

The UK rate is 18.5%, which is lower than the standard UK rate of 19% largely due to the additional capital allowance deductions available in the period (the super deductions), which more than offset the permanent disallowances that usually drive the rate above 19%.

The US rate reflects the federal rate of 21% plus state taxes due in the region of 6.5%.

Earnings Per Share

Adjusted basic EPS from continuing operations increased by 9.2p to 21.8p in the current half year and has been calculated as follows:

26 weeks to 31 October 2021	Adjusted EPS (before exceptional items and IFRS 16 adjustments)	Statutory EPS
Profit after tax	£52.1 million	£51.6 million
Weighted average number of ordinary shares	239,456,000	239,456,000
EPS	**21.8p**	**21.6p**

26 weeks to 25 October 2020	Adjusted EPS (before exceptional items and IFRS 16 adjustments)	Statutory EPS
Profit after tax	£30.2 million	£28.9 million
Weighted average number of ordinary shares	239,456,000	239,456,000
EPS	**12.6p**	**12.0p**

Acquisitions

Two acquisitions for the trade and assets of two stores were completed at the end of Q2 FY22. One store opened to the public on 13 September 2021 at Mall of America in Minneapolis, Minnesota followed by one further on 25 October 2021 in Plano (Dallas), Texas.

On 1 December 2021, the Group completed the acquisition of three further stores in Greenwich, Connecticut, Vail and Aspen, Colorado.

The combined Last Twelve Months revenue for these stores was approximately US$100.0 million and we expect profitability to be in line with the US average.

Balance sheet

£million	31 October 2021	25 October 2020	2 May 2021
Goodwill and intangibles	155.9	151.8	150.6
Property, plant and equipment	99.8	99.0	93.7
IFRS 16 right-of-use assets	256.2	256.8	253.7
Inventories	240.8	221.9	226.4
Trade and other receivables	13.9	11.7	10.4
Trade and other payables	(190.4)	(190.8)	(151.8)
IFRS 16 lease liabilities	(303.1)	(311.1)	(301.4)
Net cash/(debt)	30.0	(22.7)	(43.9)
Other	4.8	9.6	12.6
Net assets	**307.9**	**226.2**	**250.3**

Goodwill and intangibles increased as a result of the two US acquisitions in the period.

Property, plant and equipment increased by £6.1 million in the period. Additions of £19.6 million were offset by depreciation of £13.1 million, loss on disposal of £1.0 million (following a store fire), and a favourable foreign exchange impact of £0.4 million.

Including software costs, which are disclosed as intangibles, total capital additions were £19.9 million (H1 FY21: £9.4 million) of which £19.1 million was expansionary (H1 FY21: £9.1 million). Expansionary capex relates to new stores, relocations or major refurbishments (defined as costing over £250,000). In the period, the Group opened eight new stores, acquired two stores, expanded three, and refurbished five stores. Investment in our store portfolio is paramount to our strategy and the Group follows a disciplined payback policy when making capital investment decisions.

Lease right-of-use assets have increased since 2 May 2021 by £2.5 million to £256.2 million. Additions to the lease portfolio along with lease renewals or other lease changes have increased the balance by £21.0 million. This has been offset by depreciation of £19.4 million, and a favourable foreign exchange impact of £0.9 million.

Lease liabilities have increased by £1.7 million. The portfolio changes noted above increased the lease liability by £20.1 million. Interest charged on the lease liability also increased the balance by £5.8 million, in addition to a negative foreign exchange impact of £1.2 million. Lease payments have reduced the balance by £25.3 million, giving a lease liability balance of £303.1 million. This means that the net lease liability on 31 October 2021 was £46.9 million, compared to £47.7 million at the FY21 year end.

On an IFRS 16 basis our leases are generally recognised to the end of the lease term, regardless of whether a break clause is in place. The average lease lengths were as follows:

Weighted Average Lease length (years)	31 October 2021	25 October 2020
Nearest break clause	3.8	4.6
End of the lease	5.6	6.0

Inventory levels increased by £14.4 million in the period to £240.8 million (H1 FY21: £221.9 million). The increase is as a result of higher levels of Rolex to deliver optimal display capacity, along with deep purchasing of non-supply constrained brands ahead of Christmas trading.

Trade and other receivables were £13.9 million (H1 FY21: £11.7 million), increasing by £3.5 million from 2 May 2021. The increase in the period reflects the higher trading activity, in addition to the timing of a number of prepaid balances.

Trade and other payables were £190.4 million (H1 FY21: £190.8 million), increasing by £38.6 million from 2 May 2021. The increase in the period is principally as a result of our increased stock intake. This is partly offset by the £6.8 million repayment of the UK furlough monies which were accrued at the FY21 year end. Trade payables includes an accrual for the Foundation of £3.0 million.

The main components of 'Other' are taxation assets of £9.1 million (H1 FY21: £14.2 million), the defined benefit pension obligation of £2.2 million (H1 FY21: £4.9 million), and capitalised transaction costs. The taxation asset has reduced following utilisation of US tax losses in the period.

Net debt/cash and financing

At 31 October 2021, the Group was in a net cash position of £30.0 million. Net debt reduced by £73.9 million in the six-month period driven by strong cash flow. Movements of £73.1 million are detailed in the cashflow below, in addition to a favourable foreign exchange impact of £0.8 million.

Year-end net debt is expected to be between £10.0 million and £20.0 million. The outlook includes the cash acquisition of the five US stores announced within the Q2 FY22 trading update. Capex and tax expenditure are also expected to be higher in the second half of the year.

At 31 October 2021, the Group had a total of £213.9 million of available committed facilities as follows:

Facility	Expiring	Amount (million)
UK Term Loan – UK LIBOR +1.75%	June 2024	£120.0
UK Revolving Credit Facility – UK LIBOR +1.5%	June 2024	£50.0
US Asset Backed Facility – US LIBOR +1.25% to +1.75%	April 2023	$60.0

At 31 October 2021, only the £120.0 million of the UK Term Loan was drawn down. Liquidity headroom (defined as unrestricted cash plus undrawn available facilities) was £235.8 million.

The debt facility is subject to a six-monthly financial covenant test on leverage and fixed charge cover ratio. These tests are based on pre-IFRS 16 measures. On 18 June 2020, the covenant tests of the Group's facilities were replaced with a monthly minimum liquidity headroom covenant of £20.0 million for the period of June 2020 to September 2021. The Directors sought the replacement of covenants to provide further flexibility to deal with any unexpected circumstances during that period. Both sets of covenants were comfortably satisfied throughout the financial period.

Cash flow

£million	26 weeks to 31 October 2021	26 weeks to 25 October 2020
Adjusted EBITDA	**82.8**	**52.2**
Share-based payments	0.1	1.6
Working capital	24.8	69.9
Pension contributions	(0.3)	(0.3)
Tax	(3.0)	(4.3)
Cash generated from operating activities	**104.4**	**119.1**
Maintenance capex[3]	(0.8)	(0.4)
Interest	(1.3)	(2.6)
Free cash flow	**102.3**	**116.1**
Free cash flow conversion	**123.6%**	**222.6%**
Expansionary capex	(19.9)	(8.6)
Acquisitions	(9.0)	(0.1)
Exceptional costs	(0.3)	-
Financing activities	-	(59.7)
Cash flow	**73.1**	**47.7**

The Group generated £102.3 million of free cash flow with a free cash flow conversion of 123.6% in H1 FY22. This strong result was driven by Adjusted EBITDA of £82.8 million in addition to favourable working capital movements. Due to the seasonality of the Group, working capital is generally positive in the first half before normalising in the second half of the year. The prior period comparison contained higher working capital benefits due to the impact of store closures on the timing of inventory payments, and other one off COVID-19 impacts including government grants received of £8.9 million relating to the UK furlough scheme and US PPP.

Interest payments have reduced by £1.3 million. As a result of the Group's strong cash position, borrowing has been limited to the non-current UK Term Loan. In the prior year, the Revolving Credit Facility and US Asset Backed Loan were fully drawn and held in cash to provide additional flexibility during the COVID-19 lockdown period.

Expansionary capex of £19.9 million (after taking into account the associated creditors movement) was higher than the prior year due to the timing of capital projects, both in relation to new stores and the refurbishment of existing stores. In the prior year, several projects were delayed until FY22 due to COVID-19.

Return on Capital Employed (ROCE)[2]

	LTM to 31 October 2021	LTM to 25 October 2020	LTM to 2 May 2021
ROCE	23.1%	17.2%	19.7%

ROCE, which is calculated on a Last Twelve Months (LTM) basis, has increased by 340 bps to 23.1% in the period demonstrating improved capital efficiency. This is as consequence of annualised Adjusted EBIT increasing by 33.5%, compared to the increase in average capital employed of 13.9%.

Risks and uncertainties

The Group is exposed to a number of 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 remaining half of the financial year and determined that the risks presented in the 2021 Annual Report and Accounts, described as follows, remain unchanged Business strategy execution and development; Key suppliers and supply chain; Customer experience and market risks; Colleague talent and capability; Business interruption and IT infrastructure; Data protection and cyber security; Regulatory and compliance; Economic and political; Brand and reputational damage; and Financial and treasury. These are detailed on pages 105 to 113 of the 2021 Annual Report, a copy of which is available on the Watches of Switzerland Group PLC (the 'Company') website at www.thewosgroupplc.com.

WATCHES OF SWITZERLAND GROUP PLC
UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	26 week period ended 31 October 2021 Pre-exceptional items £'000	Exceptional items (note 4) £'000	Total £'000	26 week period ended 25 October 2020 Pre-exceptional items £'000	Exceptional items (note 4) £'000	Total £'000
Revenue	2,3	**586,211**	-	**586,211**	**414,279**	**-**	**414,279**
Cost of sales		(494,022)	-	(494,022)	(353,208)	233	(352,975)
Gross profit		**92,189**	**-**	**92,189**	**61,071**	**233**	**61,304**
Administrative expenses		(18,055)	(1,819)	(19,874)	(13,737)	(1,985)	(15,722)
Operating profit		**74,134**	**(1,819)**	**72,315**	**47,334**	**(1,752)**	**45,582**
Finance costs	5	(7,584)	-	(7,584)	(9,574)	-	(9,574)
Finance income	5	10	-	10	164	-	164
Net finance cost		**(7,574)**	**-**	**(7,574)**	**(9,410)**	**-**	**(9,410)**
Profit before taxation		**66,560**	**(1,819)**	**64,741**	**37,924**	**(1,752)**	**36,172**
Taxation	6	(13,480)	347	(13,133)	(7,781)	459	(7,322)
Profit for the financial period		**53,080**	**(1,472)**	**51,608**	**30,143**	**(1,293)**	**28,850**
Earnings Per Share	7						
Basic		**22.2p**		**21.6p**	**12.6p**		**12.0p**
Diluted		**22.2p**		**21.6p**	**12.6p**		**12.0p**

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

	Note	26 week period ended 31 October 2021 £'000	26 week period ended 25 October 2020 £'000
Profit for the financial period		**51,608**	**28,850**
Other comprehensive income/(expense):			
Items that will be reclassified to profit or loss			
Foreign exchange gain/(loss) on translation of foreign operations		1,277	(4,743)
Related tax movements		(168)	828
		1,109	(3,915)
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on defined benefit pension scheme	13	184	(2,417)
Related tax movements		(35)	459
		149	(1,958)
Other comprehensive income/(expense) for the period net of tax		**1,258**	**(5,873)**
Total comprehensive profit for the period net of tax		**52,886**	**22,977**

WATCHES OF SWITZERLAND GROUP PLC
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	31 October 2021 £'000	25 October 2020 £'000	2 May 2021 £'000
Assets				
Non-current assets				
Goodwill	8	141,389	135,794	135,440
Intangible assets	8	14,495	15,969	15,196
Property, plant and equipment	9	99,812	98,985	93,682
Right-of-use assets	10	256,173	256,823	253,709
Deferred tax assets		9,973	12,111	14,413
Trade and other receivables		2,715	825	606
		524,557	**520,507**	**513,046**
Current assets				
Inventories – finished goods		240,821	221,859	226,403
Current tax asset		-	2,100	1,884
Trade and other receivables		11,220	10,845	9,746
Cash and cash equivalents	12	150,042	119,814	76,076
		402,083	**354,618**	**314,109**
Total assets		**926,640**	**875,125**	**827,155**
Liabilities				
Current liabilities				
Trade and other payables		(188,957)	(189,601)	(149,604)
Current tax liability		(888)	-	-
Lease liabilities	10	(42,539)	(52,744)	(38,383)
Government grants	11	-	(74)	-
Provisions		(867)	(694)	(800)
		(233,251)	**(243,113)**	**(188,787)**
Non-current liabilities				
Trade and other payables		(1,443)	(1,170)	(2,153)
Lease liabilities	10	(260,578)	(258,366)	(262,983)
Borrowings	12	(118,252)	(139,714)	(117,885)
Post-employment benefit obligations	13	(2,159)	(4,860)	(2,570)
Provisions		(3,027)	(1,737)	(2,460)
		(385,459)	**(405,847)**	**(388,051)**
Total liabilities		**(618,710)**	**(648,960)**	**(576,838)**
Net assets		**307,930**	**226,165**	**250,317**
Equity				
Share capital		2,993	2,993	2,993
Share premium		147,122	147,122	147,122
Merger reserve		(2,209)	(2,209)	(2,209)
Retained earnings		162,963	77,977	106,459
Foreign exchange reserve		(2,939)	282	(4,048)
Total equity		**307,930**	**226,165**	**250,317**

WATCHES OF SWITZERLAND GROUP PLC
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Foreign exchange reserve £'000	Total equity attributable to owners £'000
Balance at 26 April 2020	**2,993**	**147,122**	**(2,209)**	**47,438**	**4,197**	**199,541**
Profit for the financial period	-	-	-	28,850	-	28,850
Other comprehensive expense	-	-	-	(2,417)	(4,743)	(7,160)
Tax relating to components of other comprehensive income	-	-	-	459	828	1,287
Total comprehensive income/(loss)	-	-	-	26,892	(3,915)	22,977
Transactions with owners						
Share-based payment charge	-	-	-	3,119	-	3,119
Tax on items credited to equity	-	-	-	528	-	528
Balance at 25 October 2020	**2,993**	**147,122**	**(2,209)**	**77,977**	**282**	**226,165**
Balance at 2 May 2021	**2,993**	**147,122**	**(2,209)**	**106,459**	**(4,048)**	**250,317**
Profit for the financial period	-	-	-	51,608	-	51,608
Other comprehensive income	-	-	-	184	1,277	1,461
Tax relating to components of other comprehensive income	-	-	-	(35)	(168)	(203)
Total comprehensive income	-	-	-	51,757	1,109	52,866
Transactions with owners						
Share-based payment charge	-	-	-	1,620	-	1,620
Tax on items credited to equity	-	-	-	3,127	-	3,127
Balance at 31 October 2021	**2,993**	**147,122**	**(2,209)**	**162,963**	**(2,939)**	**307,930**

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

	Note	26 week period ended 31 October 2021 £'000	26 week period ended 25 October 2020 £'000
Cash flows from operating activities			
Profit for the period		51,608	28,850
Adjustments for:			
Depreciation of property, plant and equipment	9	13,129	9,200
Depreciation of right-of-use assets	10	19,424	19,011
Amortisation of intangible assets	8	1,177	1,410
Share-based payment charge		1,620	3,119
Finance income	5	(10)	(164)
Finance costs	5	7,584	9,574
Impairment reversal of right-of-use assets and associated property, plant and equipment		-	(139)
Gain on lease disposal	10	(94)	(94)
Lease modifications and renewals		(157)	-
Loss on disposal of property, plant and equipment	9	997	232
Government grant income	11	-	(7,405)
Taxation		13,133	7,322
(Increase)/decrease in inventories		(10,960)	18,032
(Increase) in debtors		(2,641)	(2,263)
Increase in creditors, provisions, government grants and pensions		37,209	54,012
Cash generated from operations		**132,019**	**140,697**
Pension scheme contributions	13	(340)	(349)
Tax paid		(3,006)	(4,305)
Receipt of government grants	11	-	8,924
Total net cash generated from operating activities		**128,673**	**144,967**
Cash flows from investing activities			
Purchase of non-current assets			
Purchase of property, plant and equipment	9	(19,607)	(9,068)
Purchase of intangible assets		(334)	(301)
Movement on capital expenditure accrual		92	353
Cash outflow from purchase of non-current assets		(19,849)	(9,016)
Acquisition of subsidiaries net of cash	14	(9,004)	(77)
Interest received		-	77
Total net cash outflow from investing activities		**(28,853)**	**(9,016)**
Cash flows from financing activities			
Net proceeds from term loan		-	22,500
Net repayment of short-term borrowings		-	(81,797)
Costs directly attributable to raising finance		-	(377)
Payment of capital element of leases	10	(19,507)	(19,593)
Payment of interest element of leases	10	(5,833)	(6,342)
Interest paid		(1,347)	(2,656)
Net cash outflow from financing activities		**(26,687)**	**(88,265)**
Net increase in cash and cash equivalents		**73,133**	**47,686**
Cash and cash equivalents at the beginning of the period		76,076	72,927
Exchange losses on cash and cash equivalents		833	(799)
Cash and cash equivalents at the end of period	**12**	**150,042**	**119,814**
Comprised of:			
Cash at bank and in hand		136,471	109,466
Cash in transit		13,571	10,348
Cash and cash equivalents at end of period	**12**	**150,042**	**119,814**

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

1. General information and basis of preparation

Basis of preparation
The Group's condensed set of interim financial statements for the 26 weeks to 31 October 2021 (prior year: 26 weeks to 25 October 2020) were approved by the Board of Directors on 8 December 2021 and have been prepared in accordance with UK adopted International Accounting Standard 34.

The results for the 26 weeks to 31 October 2021 have been reviewed by Ernst & Young LLP and a copy of their review report appears 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 comparative information for the half year to or as at 25 October 2020 has been reviewed by Ernst & Young LLP but has not been audited.

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 53 weeks to 2 May 2021 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.

Impact of COVID-19
The COVID-19 pandemic developed quickly during the first half of the 2020 calendar year, with a significant impact upon many countries, businesses and individuals. The impact of COVID-19 on the Group's operations is discussed within the principal risks and uncertainties on page 105 of the Group's Annual Report and Accounts for the 53 weeks to 2 May 2021, as well as set out within note 1.

COVID-19 has been considered in our significant areas of judgement and estimation, and as noted throughout the interim financial statements, a number of balances have been impacted. During the period and subsequent to the balance sheet date, the Group has reviewed the trading performance of our stores and reviewed other relevant external factors, including changes in government policies and restrictions. This review also included analysis of the collectability of customer debtors and the recoverable value of store assets. Based on this review, there have been no further impairments of right-of-use assets or property plant and equipment.

Going concern
The Directors consider that the Group has, at the time of approving the Group financial statements, adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the consolidated information.

At the balance sheet date, the Group had a total of £213,925,000 in available committed facilities, of which £120,000,000 was drawn down. Net cash at this date was £30,042,000 with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £235,831,000; this funding matures in 2023/24.

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. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 months Adjusted EBITDA. This ratio must not exceed 3. The FCCR is the ratio of Adjusted EBITDA plus rent to the total finance charge and rent for the 12 months to the reporting date. This ratio must exceed 1.6. On 18 June 2020, the covenant tests of the Group's facilities were replaced with a monthly minimum liquidity headroom covenant of £20,000,000 for the period of June 2020 to September 2021. The Directors sought the replacement of covenants to provide further flexibility to deal with any unexpected circumstances during that period. The £20,000,000 minimum headroom covenant was satisfied for each month end from June 2020 to September 2021. The original waived covenant tests of net debt to EBITDA and the FCCR were also comfortably satisfied at October 2020 and April 2021.

At the end of the covenant waiver period, 31 October 2021, the Group satisfied the original covenant tests with net debt to EBITDA being comfortably less than 3 and the FCCR exceeding 1.6.

1. General information and basis of preparation (continued)

Going concern (continued)
In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 December 2022 from the date of this report.

The budget and Strategic Plan approved by the Board in April 21 and the FY22 forecast approved in October 21 included the following key assumptions:

– A continued strong luxury watch market in the UK and US
– Anticipation of some localised disruption due to COVID-19 but assumes no further national-scale lockdowns in either the US or UK during the period
– Lower levels of tourism in the US and UK and reduced travel impacting our airport stores
– Sufficient luxury watch supply to support the revenue forecast.

Under the budget and Forecast used for the going concern assessment, the Group has significant liquidity and comfortably complies with all covenant tests to 31 December 2022.

Reverse stress-testing of this budget was performed to determine what level of reduced EBITDA and worst case cash outflows would result in a breach of the liquidity or covenant tests. The likelihood of this level of reduced EBITDA is considered remote.

The following two severe but plausible scenarios were tested:

1) 10% reduction in sales against the budget due to reduced consumer confidence and lower disposable income
2) A repeat of the FY21 COVID-19 impact on the ability of stores to trade modelled without Government support to reflect the worst case scenario of any further lockdowns arising as a result of the emergence of new variants

Under these scenarios, there is sufficient liquidity, and the net debt to EBITDA and the FCCR covenants would all be complied with.

Should trading be worse than the outlined severe but plausible scenarios, the Group has the following mitigating actions within management's control:

– Review of marketing spend
– Reduction in the level of stock purchases
– Restructuring of the business with headcount and store operations savings
– Redundancies and pay freeze
– Reduce the level of planned capex and acquisition spend

As a result of the above analysis, including potential severe but plausible scenarios, 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 2022. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the financial statements.

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 53 weeks ended 2 May 2021.

A number of amendments to, and the interpretation of, existing accounting standards became effective during the period, none of which have had a significant impact on the condensed interim financial statements.

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

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

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

1. General information and basis of preparation (continued)

Alternative performance measures (APMs) (continued)

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 on page 40 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 53 weeks ended 2 May 2021 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 CODMs. 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.

The Group have created a new Corporate segment to give management a greater focus on the trading performance of the UK and US divisions. The Corporate segment captures central administrative costs including Directors, the costs of being a listed Group, and one off items such as the donation to the charitable Foundation.

	26 week period ended 31 October 2021			
	UK £'000	US £'000	Corporate £'000	**Total** **£'000**
Revenue	418,625	167,586	-	**586,211**
Net margin	155,980	64,567	-	**220,547**
Less:				
Store costs	(66,660)	(33,552)	-	**(100,212)**
Overheads	(19,951)	(6,783)	(6,407)	**(33,141)**
Store opening and closing costs	(2,701)	(1,653)	-	**(4,354)**
Intra-group management charge	707	(2,474)	1,767	**-**
Adjusted EBITDA	67,375	20,105	(4,640)	**82,840**
Depreciation, amortisation and loss on disposal of assets	(11,657)	(3,728)	-	**(15,385)**
Segment profit*	55,718	16,377	(4,640)	**67,455**
IFRS 16 adjustments				**6,679**
Exceptional administrative costs (note 4)				**(1,819)**
Net other finance costs (note 5)				**(7,574)**
Profit before taxation for the financial period				**64,741**

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

2. Segment reporting (continued)

	26 week period ended 25 October 2020			
	UK £'000	US £'000	Corporate £'000	**Total £'000**
Revenue	294,163	120,116	-	**414,279**
Net margin	105,558	44,972	-	**150,530**
Less:				
Store costs	(49,616)	(22,500)	-	**(72,116)**
Overheads	(15,393)	(4,714)	(4,174)	**(24,281)**
Store opening and closing costs	(1,491)	(483)	-	**(1,974)**
Intra-group management charge	644	(1,615)	971	**-**
Adjusted EBITDA	39,702	15,660	(3,203)	**52,159**
Depreciation, amortisation and loss on disposal of assets	(7,000)	(3,706)	-	**(10,706)**
Segment profit*	32,702	11,954	(3,203)	**41,453**
IFRS 16 adjustments				**5,881**
Exceptional administrative costs (note 4)				**(1,752)**
Net other finance costs (note 5)				**(9,410)**
Profit before taxation for the financial period				**36,172**

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

The segment reporting comparative has been updated to show the new Corporate segment.

Entity-wide revenue disclosures

	26 week period ended 31 October 2021	26 week period ended 25 October 2020
	£'000	£'000
UK		
Luxury watches	353,396	249,882
Luxury jewellery	32,190	20,547
Other	33,039	23,734
Total	**418,625**	**294,163**
US		
Luxury watches	155,440	112,223
Luxury jewellery	8,609	5,797
Other	3,537	2,096
Total	**167,586**	**120,116**
GROUP		
Luxury watches	508,836	362,105
Luxury jewellery	40,799	26,344
Other	36,576	25,830
Total	**586,211**	**414,279**

'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.

Seasonality
In the 53 week period to 2 May 2021, the Group earned total revenues of £905,077,000. Of these revenues, 45.8% of these were earned in the first 26 week period to 25 October 2020 and 54.2% were earned in the following 27 week period to 2 May 2021. However, the first half of the prior year was impacted COVID19 related store closures in the UK and US.

2. Segment reporting (continued)

Entity-wide non-current assets disclosures

	31 October 2021	2 May 2021
	£'000	£'000
UK		
Goodwill	121,590	121,590
Intangible assets	3,767	4,428
Property, plant and equipment	65,028	62,037
Right-of-use assets	182,201	182,040
Total	**372,586**	**370,095**
US		
Goodwill	19,799	13,850
Intangible assets	10,728	10,768
Property, plant and equipment	34,784	31,645
Right-of-use assets	73,972	71,669
Total	**139,283**	**127,932**
GROUP		
Goodwill	141,389	135,440
Intangible assets	14,495	15,196
Property, plant and equipment	99,812	93,682
Right-of-use assets	256,173	253,709
Total	**511,869**	**498,027**

3. Revenue

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

	26 week period ended 31 October 2021		
	Sale of goods	Rendering of services	**Total**
	£'000	£'000	**£'000**
UK	403,505	15,120	**418,625**
US	164,393	3,193	**167,586**
Total	**567,898**	**18,313**	**586,211**

	26 week period ended 25 October 2020		
	Sale of goods	Rendering of services	Total
	£'000	£'000	**£'000**
UK	283,975	10,188	**294,163**
US	118,228	1,888	**120,116**
Total	**402,203**	**12,076**	**414,279**

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 Consolidated Income Statement.

	26 week period ended 31 October 2021	26 week period ended 25 October 2020
	£'000	£'000
Exceptional gain on trade receivables		
Expected credit losses[(i)]	-	233
Total exceptional gain on trade receivables	**-**	**233**
Exceptional impairment of assets		
Reversal of impairment of right-of-use assets[(ii)]	-	139
Exceptional administrative expenses		
Professional and legal expenses on business combinations[(iii)]	(347)	-
Exceptional costs in relation to Initial Public offering ('IPO')[(iv)]		
Share-based payment in respect of the Chief Executive Officer and legacy arrangements (including employment taxes)	(1,472)	(2,124)
Total exceptional administrative costs	**(1,819)**	**(1,985)**
Total exceptional items	**(1,819)**	**(1,752)**
Tax impact of exceptional items	**347**	**459**
Total exceptional items net of tax	**(1,472)**	**(1,293)**

(i) Reversal of expected credit losses

At the year ended 26 April 2020 an exceptional provision of £695,000 was made against in-house credit debtors, linked to the exceptional circumstances caused by the global COVID-19 pandemic. On 16 September 2020, the Group made a one-time payment of $300,000 to remove all future obligations in relation to debt held on recourse. As the Group bears no future liability, the expected credit loss provision in relation to recourse debtors was released and was accordingly reversed through exceptional items.

(ii) Reversal of impairment of right-of-use assets

The Group recognised an exceptional expense relating to impaired right-of-use assets in the period ended 26 April 2020 linked to the COVID-19 pandemic. An element of this was reversed during the 26 week period ended 25 October 2020 due to a modification of a lease agreement following COVID-19 related negotiations.

(iii) Professional and legal expenses on business combinations

Professional and legal expenses incurred for business combinations have been expensed to the 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 and are expected to be quantitatively material for the full year.

(iv) Exceptional items for Initial Public Offering

On 31 May 2019, prior to the IPO, the CEO was granted a one-off share option award by the principal selling shareholder, over a portion of their shareholding, in recognition of his contribution to the Company up to Admission and to ensure ongoing incentivisation and retention in his role following the IPO. This one-off award was contingent on the CEO's continued employment until June 2021. The total charge in relation to this award was recognised over the two year period ending June 2021 and is considered exceptional as it is linked to a unique non-recurring event, being the IPO. Following exercise of the option in the period there will be no future charges in relation to this item.

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

5. Net finance costs

	26 week period ended 31 October 2021	26 week period ended 25 October 2020
	£'000	£'000
Finance costs		
Interest payable on long term borrowings	(1,128)	(1,537)
Interest payable on short term borrowings	(198)	(799)
Amortisation of capitalised transaction costs	(372)	(476)
Other interest payable	(29)	(68)
Unwinding of discount on deferred consideration	-	(74)
Net foreign exchange loss on financing activities	-	(249)
Interest on lease liabilities (note 10)	(5,833)	(6,342)
Net interest expense on net defined benefit liabilities (note 13)	(24)	(29)
	(7,584)	**(9,574)**
Finance income		
Interest income on trade receivables	-	77
Other interest receivable	10	87
	10	**164**
Net finance costs	**(7,574)**	**(9,410)**

Further detail of borrowing facilities in place is given in note 12 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 20.3% (26 week period to 25 October 2020: 20.2%), slightly higher than the UK Corporation tax rate of 19.0% as a result of overseas tax differentials and non-deductible expenses.

7. Earnings Per Share (EPS)

	26 week period ended 31 October 2021	26 week period ended 25 October 2020
Basic		
EPS	21.6p	12.0p
EPS adjusted for exceptional items	22.2p	12.6p
EPS adjusted for exceptional items and pre-IFRS 16	21.8p	12.6p
Diluted		
EPS	21.6p	12.0p
EPS adjusted for exceptional items	22.2p	12.6p
EPS adjusted for exceptional items and pre-IFRS 16	21.8p	12.6p

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

Diluted EPS is calculated by adjusting the weighted average number of shares used for the calculation of basic EPS, taking into account 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 31 October 2021	26 week period ended 25 October 2020
	£'000	£'000
Profit after tax attributable to equity holders of the parent company	51,608	28,850
Add back:		
Exceptional administrative expenses net of tax	1,472	1,293
Profit adjusted for exceptional items	**53,080**	**30,143**
Pre-exceptional IFRS 16 adjustments, net of tax	(969)	15
Profit adjusted for exceptional items and IFRS 16	**52,111**	**30,158**

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

	26 week period ended 31 October 2021	26 week period ended 25 October 2020
Weighted average number of shares:	'000	'000
Weighted average number of ordinary shares in issue	239,456	239,456
Weighted average shares for basic EPS	**239,456**	**239,456**
Weighted average dilutive potential shares	-	-
Weighted average shares for diluted EPS	**239,456**	**239,456**

Shares granted in the period under the FY21 Deferred Bonus Plan are anti-dilutive as at 31 October 2021.

8. Intangible assets

	Goodwill	Brands	Agency agreement	Computer software	**Total**
	£'000	£'000	£'000	£'000	£'000
Net book value					
At 2 May 2021	135,440	8,431	1,635	5,130	**150,636**
Additions	-	-	-	334	**334**
Acquisitions (note 14)	5,750	-	-	-	**5,750**
Amortisation	-	(168)	(123)	(886)	**(1,177)**
Foreign exchange differences	199	112	21	9	**341**
At 31 October 2021	**141,389**	**8,375**	**1,533**	**4,587**	**155,884**

9. Property, plant and equipment

	Land and buildings	Fittings and equipment	**Total**
	£'000	£'000	£'000
Net book value			
At 2 May 2021	1,506	92,176	**93,682**
Additions	591	19,016	**19,607**
Acquisitions (note 14)	-	214	**214**
Disposals	(36)	(961)	**(997)**
Depreciation	(151)	(12,978)	**(13,129)**
Foreign exchange differences	1	434	**435**
At 31 October 2021	**1,911**	**97,901**	**99,812**

For impairment testing purposes, the Group has determined that each store is a separate cash generating unit ('CGU'). Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

9. Property, plant and equipment (continued)

During the 53 week period to 2 May 2021 the Group recognised an impairment charge relating to property, plant and equipment and right-of-use assets as a result of store impairment testing. The impairment followed a full review of the profitability of the store network considering the impact of COVID-19 on the Group. Further detail can be found in the 2021 Annual Report, a copy of which is available on the Watches of Switzerland PLC (the 'Company') website at www.thewosgroupplc.com.

Impairment has further been considered as at 31 October 2021 in line with the current trading environment. It has been concluded that the impairment made at 2 May 2021 remains appropriate, and asset values held at 31 October 2021 are supported by expected future cashflows.

10. Leases

Right-of-use assets

	Properties	Other	**Total**
	£'000	£'000	**£'000**
At 2 May 2021	253,219	490	**253,709**
Additions	16,151	26	**16,177**
Disposals	(22)	-	**(22)**
Depreciation	(19,297)	(127)	**(19,424)**
Leases renewed during the period	4,793	-	**4,793**
Lease modifications	22	-	**22**
Foreign exchange differences	918	-	**918**
At 31 October 2021	**255,784**	**389**	**256,173**

Lease liabilities

	Properties	Other	**Total**
	£'000	£'000	**£'000**
At 2 May 2021	(300,860)	(506)	**(301,366)**
Additions	(15,582)	(26)	**(15,608)**
Disposals	116	-	**116**
Interest	(5,823)	(10)	**(5,833)**
Leases renewed during the period	(4,401)	-	**(4,401)**
Lease modifications	(135)	-	**(135)**
Payments	25,202	138	**25,340**
Foreign exchange differences	(1,229)	(1)	**(1,230)**
At 31 October 2021	**(302,712)**	**(405)**	**(303,117)**

11. Government grants

During the 26 week period to 25 October 2020, government grants were received to support certain administrative expenses during the COVID-19 pandemic. All attached conditions were complied with before recognition in the Consolidated Income Statement.

There were two grant schemes that operated differently from one another. One scheme operated on claims basis, where cash was received after the expense has been incurred (UK furlough scheme), and the other on an up-front basis, where cash was received prior to the expense being incurred (US Paycheck Protection Program). These have been presented separately on the face of the Consolidated Balance Sheet and also below.

During the 53 week period to 2 May 2021, the Group made a voluntary decision to repay all UK furlough scheme support. The £6,832,000 support received was repaid in July 2021.

Below is the reconciliation of government grants receivable (UK furlough scheme):

	31 October 2021	25 October 2020	02 May 2021
	£'000	£'000	£'000
Opening balance	-	2,575	2,575
Received during the period	-	(5,998)	(9,407)
Released to Income Statement	-	3,423	6,832
Receivable at period end	**-**	**-**	**-**

11. Government grants (continued)

Below is the reconciliation of government grants received (US Paycheck Protection Program):

	31 October 2021	25 October 2020	02 May 2021
	£'000	£'000	£'000
Opening balance	-	(1,186)	(1,186)
Received during the period	-	(2,926)	(2,926)
Released to Income Statement	-	3,982	4,056
Foreign exchange movements	-	56	56
Balance at period end	**-**	**(74)**	**-**

12. Borrowings

	31 October 2021	25 October 2020	02 May 2021
	£'000	£'000	£'000
Non-current			
Term loans	120,000	142,500	120,000
Associated capitalised transaction costs	(1,748)	(2,786)	(2,115)
Total borrowings	**118,252**	**139,714**	**117,885**

On 4 June 2019, the Company initially drew down the term loan on a new facility consisting of a term loan for £120,000,000 and a revolving credit facility of £50,000,000. Interest is currently charged at LIBOR plus 1.75% on the term loan and LIBOR plus 1.5% on the revolving credit facility. The margin on the term loan ranges from 1.75% to 2.80% and the revolving credit facility ranges from 1.50% to 2.55% based on the Net Debt to EBITDA covenant test of the Group. The term loan facility expires on 4 June 2024. The term loan facility is unsecured and is cross guaranteed by subsidiary entities.

On 14 May 2020, the Group entered into a new £45,000,000 financing facility which was agreed under the Governments' CLBILS scheme. This comprised of an additional term loan of £22,500,000 with a term of 18 months and a revolving credit facility of £22,500,000 for the same period. At 31 October 2020, the £22,500,000 term loan was fully drawn down and none of the revolving credit facility was drawn. On 5 March 2021, the CLBILS term loan was repaid in full following a review of the Group's cash position. The repayment irrevocably and unconditionally released the Company from all obligations, guarantees and security created as part of the CLBILS scheme.

Short term borrowings consist of the remaining revolving credit facility noted above and an asset backed lending (ABL) facility held in US Dollars of $60,000,000. The ABL facility expires in April 2023 and interest would be charged at US LIBOR plus the margin which ranges from 1.25% to 1.75%. Amounts outstanding on the revolving credit facility totalled £nil and amounts outstanding on the ABL facility totalled £nil - $nil.

Amounts undrawn on the facilities totalled £93,925,000. Borrowing on the US ABL facility is restricted to the lower of $60,000,000 and the borrowing base which is determined by reference to the assets held by the US entities.

Analysis of net debt

	2 May 2021	Cash flow	Non-cash charges[1]	Foreign exchange	**31 October 2021**
	£'000				**£'000**
Cash and cash equivalents	76,076	73,133	-	833	**150,042**
Term loans	(120,000)	-	-	-	**(120,000)**
Net (debt)/cash excluding capitalised transaction costs (Pre-IFRS 16)	**(43,924)**	**73,133**	**-**	**833**	**30,042**
Capitalised transaction costs	2,115	-	(372)	5	**1,748**
Net (debt)/cash (Pre-IFRS 16)	**(41,809)**	**73,133**	**(372)**	**838**	**31,790**
Lease liability	(301,366)	25,340	(25,861)	(1,230)	**(303,117)**
Total net debt	**(343,175)**	**98,473**	**(26,233)**	**(392)**	**(271,327)**

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

13. Post-employment benefit obligations

During the 26 weeks to 31 October 2021 (prior period: 26 weeks to 25 October 2020), the Group operated two (prior period: two) defined contribution pension schemes and one defined benefit scheme (prior period: one).

The movement in the defined benefit deficit in the period is as follows:

	26 weeks to 31 October 2021	26 weeks to 25 October 2020	53 weeks to 2 May 2021
	£'000	£'000	£'000
Net pension liability at the beginning of the period	(2,570)	(2,714)	(2,714)
Current service cost	(13)	(11)	(23)
Past service cost and curtailments	-	-	(90)
Administration costs	(76)	(38)	(142)
Net interest	(24)	(29)	(55)
Employer contributions	340	349	702
Actuarial gains/(losses)	184	(2,417)	(248)
Net pension liability at the end of the period	**(2,159)**	**(4,860)**	**(2,570)**

The IAS 19 (accounting) valuation of the defined benefit obligation was undertaken by an external qualified actuary at 31 October 2021 using the projected unit credit method.

The deficit in the schemes moved from £2,570,000 at 2 May 2021 to £2,159,000 at 31 October 2021. The movement results from changes in the principal actuarial assumptions used in the valuation as follows:

	31 October 2021	25 October 2020	2 May 2021
Discount rate	1.90%	1.50%	2.00%
Rate of increase in salary	4.50%	4.35%	4.30%
Rate of future inflation - RPI	3.50%	3.10%	3.30%
Rate of future inflation - CPI	2.90%	2.50%	2.70%
Rate of increase in pensions in payment	3.40%	3.00%	3.25%
Proportion of employees opting for a cash commutation	100.00%	100.00%	100.00%

14. Business combinations

Ben Bridge Jeweler, Inc. ('Ben Bridge')
On 2 September 2021, the Group acquired the trade and assets of one showroom from Ben Bridge Jeweler Inc.

Timeless Watch Exchange LLC. ('Timeless')
On 15 October 2021, the Group acquired the trade and assets of one showroom from Timeless Watch Exchange LLC.

Both acquisitions contributed revenue of £602,000 from the date of the acquisition to 31 October 2021 and contributed a net profit of £30,000 during this initial setup period.

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

	£'000
Total cash consideration	**9,163**

	Initial assessment of values on acquisition
	£'000
Inventories	**3,366**
Property, plant and equipment	**214**
Trade and other payables	**(167)**
Right-of-use assets	**1,691**
Lease liabilities	**(1,691)**
Total identifiable net assets	**3,413**
Goodwill	**5,750**
Total assets acquired	**9,163**

14. Business combinations (continued)

An amount of £159,000 is held with a third party on retention in relation to the Ben Bridge Jeweler, Inc. acquisition. This will be paid within 12 months of the acquisition date.

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

The contribution to revenue and profit before tax, if these business combinations had occurred on the first day of the period, would not be material to the results of the Group and therefore have not been disclosed separately.

Acquisition-related costs of £347,000 have been charged to exceptional items (note 4) in the Consolidated Income Statement for the 26 week period ended 31 October 2021.

15. Related party transactions

Transactions with related undertakings
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

In the prior period, the Group has traded products and provided services to Watch Shop Holdings Limited and The Watch Lab Holdings Limited, entities with the same significant investor. In the 26 week period to 31 October 2021 there were £nil products and services traded (October 2020: £449,000). The Group has an outstanding balance with these entities of £nil (October 2020: £1,000, May 2021: £nil).

16. Financial instruments

Categories

	31 October 2021	25 October 2020	2 May 2021
	£'000	£'000	£'000
Financial assets – held at amortised cost			
Trade and other receivables*	10,146	9,935	7,288
Cash and cash equivalents	150,042	119,814	76,076
Total financial assets	**160,188**	**129,749**	**83,364**
Financial liabilities – held at amortised cost			
Term loans (net of capitalised transaction costs)	(118,252)	(139,714)	(117,885)
Trade and other payables**	(164,365)	(169,021)	(127,132)
Net financial liabilities (pre-IFRS 16)	**(282,617)**	**(308,735)**	**(245,017)**
Lease liability (IFRS 16) (note 10)	(303,117)	(311,110)	(301,366)
Total financial liabilities	**(585,734)**	**(619,845)**	**(546,383)**

*Excludes prepayments of £3,789,000 (October 2020: £1,735,000, May 2021: £3,064,000) that do not meet the definition of a financial instrument.

**Excludes customer deposits of £14,263,000 (October 2020: £11,618,000, May 2021: £12,208,000) and deferred income of £11,772,000 (October 2020: £10,132,000, May 2021: £12,417,000) that do not meet the definition of a financial instrument.

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 Balance Sheet. The fair value of trade and other receivables, trade and other payables, cash and cash equivalents and revolving credit facilities all approximate their carrying amount because of the limited movement in the short maturity of these instruments and limited change in prevailing interest rates since recognition.

17. Contingent liabilities

From time to time, the Group may be subject to complaints and litigation from its customers, 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. Regardless of the outcome, complaints and litigation could have a material adverse effect on the Group's reputation, divert the attention of the Group's management team and increase its costs.

In March 2019, class action was brought against three US subsidiaries of the Company, including Watches of Switzerland Group USA, Inc., in the U.S. District Court for the Southern District of Florida. The suit alleges violations of the FACTA legislation, which requires persons that accept credit and/or debit cards for the transaction of business to truncate all but the last five digits of the card number on printed receipts provided to consumers. Because the suit is protracted, and no specific monetary amount has been claimed, the potential liability (if any) in respect of such claim or any related claims is difficult to quantify. The Company has robustly defended itself and, at this point in time, the claim has been stayed by the Florida courts. Our legal costs of defending the claim are insured subject to the policy excess.

18. Post-balance sheet events

On 1 December 2021, the Group acquired the trade and assets of three showrooms from Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. for a cash consideration of $52,000,000. The acquisition further advances the US expansion strategy.

The assets and liabilities acquired principally comprise working capital balances of inventory, debtors and creditors. Due to the proximity of the acquisition date to the date of approval these interim financial statements, the initial accounting for the business combination is incomplete and the Group is unable to provide a quantification of the fair values of the assets and liabilities acquired. The Group will include an acquisition balance sheet within the Group's Annual Report and Accounts for the 52 weeks to 1 May 2022.

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 31 October 2021 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 31 October 2021 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 53 weeks to 2 May 2021.

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

For and by order of the Board:

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

8 December 2021

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 31 October 2021 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 18. 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 31 October 2021 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 and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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 will be 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".

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

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 is 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 and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London

8 December 2021

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 store costs.

Why used
4-Wall EBITDA is a direct measure of profitability of the store operations.

Reconciliation to IFRS measures

£million	H1 FY22	H1 FY21
Revenue	586.2	414.3
Cost of inventory expensed	(369.8)	(264.9)
Other	4.1	1.1
Net margin	**220.5**	**150.5**
Store costs	(100.2)	(72.1)
4-Wall EBITDA	**120.3**	**78.4**

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

Adjusted Earnings Before Interest and Tax (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 Consolidated Financial Statements.

Adjusted EBITDA

EBITDA before exceptional items presented in the Group's Income Statement, professional costs for non-trading. Shown on a continuing basis and before the impact of IFRS 16 'Leases'.

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

Reconciliation to IFRS measures
Reconciled in note 2 of the Consolidated Financial Statements.

Adjusted Earnings Per Share

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 Consolidated Financial Statements.

Adjusted profit before tax

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 FY22**	**H1 FY21**
Segment profit (as reconciled in note 2 of the financial statements)	67.5	41.5
Net finance costs (note 5)	(7.6)	(9.4)
IFRS 16 lease interest (note 5)	5.8	6.2
Adjusted profit before tax	**65.7**	**38.3**

Average selling price (ASP)

Revenue (including sales related taxes) generated in a period from sales of a product category divided by the total number of units of such products sold in such period.

Why used

Measure of sales performance.

Reconciliation to IFRS measures

Not applicable.

Constant currency basis

Results for the period had the exchange rates remained constant from the comparative period.

Why used

Measure of revenue growth that excludes the impact of foreign exchange.

Reconciliation

	(£/$ million)
H1 FY22 Group Revenue (£)	586.2
H1 FY22 US Revenue ($)	232.0
H1 FY22 US Revenue (£) @ HY22 Exchange rate	167.6
H1 FY22 US Revenue (£) @ HY21 Exchange rate	180.5
HY22 Group Revenue (£) @ Constant currency	**599.1**
H1 FY22 Exchange rate	1.385
H1 FY21 Exchange rate	1.286

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 Consolidated Financial Statements.

Net debt/cash

Total borrowings (excluding capitalised transaction costs) less cash and cash equivalents and excludes IFRS 16 lease liabilities.

Why used

Measures the Group's indebtedness.

Reconciliation to IFRS measures

Reconciled in note 12 of the Consolidated Financial Statements.

Free cash flow

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

Why used

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

Reconciliation to IFRS measures

£million	H1 FY22	H1 FY21
Net increase in cash and cash equivalents	73.1	47.7
Net financing cash flow	26.7	88.3
Interest paid	(1.3)	(2.6)
Lease payments (IFRS 16)	(25.4)	(26.0)
Acquisition of business combinations	9.0	0.1
Exceptional costs	0.3	0.0
Expansionary capex	19.9	8.6
Free cash flow	**102.3**	**116.1**

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 £102.3 million divided by Adjusted EBITDA of £82.8 million shown as a percentage.

Net margin

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

Why used

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

Reconciliation to IFRS measures

Refer to 4-Wall EBITDA.

Return on Capital Employed (ROCE)

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

Why used

ROCE demonstrates the efficiency with which the Group utilises capital. ROCE is linked to management incentives.

Reconciliation to IFRS measures

Adjusted EBIT of £103.6m divided by the average capital employed, which is calculated as follows:

£million	**LTM to 31 October 2021**	**LTM to 25 October 2020**
Pre-IFRS 16 total assets	675.3	618.1
Pre-IFRS 16 current liabilities	(197.5)	(200.3)
Capital employed	477.8	417.8
Average capital employed	**447.8**	**384.7**

OTHER DEFINITIONS

Expansionary capital expenditure/capex

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

Luxury watches

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

Luxury jewellery

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

Non-core stores

These stores are not core to the ongoing strategy of the business and will be closed at the end of their lease term.

Store maintenance capital expenditure/capex

Capital expenditure which is not considered expansionary.

Tourist sales

Tourist sales are represented by those sales with VAT refund claims

IFRS 16 Adjustments

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

H1 FY22 Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	**586.2**	**-**	**-**	**586.2**
Net margin	**220.5**	**-**	**-**	**220.5**
Store costs	(100.2)	22.3	-	(77.9)
4-Wall EBITDA	**120.3**	**22.3**	**-**	**142.6**
Overheads	(33.1)	-	(1.8)	(34.9)
EBITDA	**87.2**	**22.3**	**(1.8)**	**107.7**
Store opening and closing costs	(4.4)	3.4	-	(1.0)
Adjusted EBITDA	**82.8**	**25.7**	**(1.8)**	**106.7**
Depreciation, amortisation and loss on disposal of fixed assets	(15.3)	(19.1)	-	(34.4)
Adjusted EBIT (Segment profit)	**67.5**	**6.6**	**(1.8)**	**72.3**
Net finance costs	(1.8)	(5.8)	-	(7.6)
Adjusted profit before tax	**65.7**	**0.8**	**(1.8)**	**64.7**
Adjusted basic Earnings Per Share	**21.8p**			**21.6p**

H1 FY22 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	155.9	-	155.9
Property, plant and equipment	100.6	(0.8)	99.8
IFRS 16 right-of-use assets	-	256.2	256.2
Inventories	240.8	-	240.8
Trade and other receivables	22.1	(8.2)	13.9
Trade and other payables	(219.5)	29.1	(190.4)
IFRS 16 lease liabilities	-	(303.1)	(303.1)
Net cash	30.0	-	30.0
Other	(5.7)	10.5	4.8
Net assets	**324.2**	**(16.3)**	**307.9**

H1 FY21 Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	**414.3**	**-**	**-**	**414.3**
Net margin	**150.5**	**-**	**0.2**	**150.7**
Store costs	(72.1)	23.5	-	(48.6)
4-Wall EBITDA	**78.4**	**23.5**	**0.2**	**102.1**
Overheads	(24.3)	-	(2.0)	(26.3)
EBITDA	**54.1**	**23.5**	**(1.8)**	**75.8**
Store opening and closing costs	(1.9)	1.3	-	(0.6)
Adjusted EBITDA	**52.2**	**24.8**	**(1.8)**	**75.2**
Depreciation, amortisation and loss on disposal of fixed assets	(10.7)	(18.9)	-	(29.6)
Adjusted EBIT (Segment profit)	**41.5**	**5.9**	**(1.8)**	**45.6**
Net finance costs	(3.2)	(6.2)	-	(9.4)
Adjusted profit before tax	**38.3**	**(0.3)**	**(1.8)**	**36.2**
Adjusted basic Earnings Per Share	**12.6p**			**12.0p**

H1 FY21 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	151.9	(0.1)	151.8
Property, plant and equipment	97.9	1.1	99.0
IFRS 16 right-of-use assets	-	256.8	256.8
Inventories	221.9	-	221.9
Trade and other receivables	16.4	(4.7)	11.7
Trade and other payables	(219.7)	28.9	(190.8)
IFRS 16 lease liabilities	-	(311.1)	(311.1)
Net debt	(22.7)	-	(22.7)
Other	(1.7)	11.3	9.6
Net assets	**244.0**	**(17.8)**	**226.2**