THE WATCHES OF SWITZERLAND GROUP

ANNUAL REPORT AND ACCOUNTS 2022

A YEAR OF FURTHER PROGRESS WITH STRONG MOMENTUM INTO FY23

We delivered an outstanding performance across the Group during the year, with consistently strong sales and demand which continued to exceed supply.

Our teams excelled in offering best in class service, with the Group's elevated client experience programme, Xenia, launching in all showrooms.

We continued to execute our strategy and Long Range Plan, maintaining our market-leading position in the UK and growing our presence in the US. This was supported by ongoing investment, including refurbishment of existing showrooms, and the roll out of new sites.

We are incredibly proud of the work of The Watches of Switzerland Group Foundation, to which we have donated £4.5 million to date to benefit the communities in which we serve.

Looking ahead, our planned entry into the European market provides the Group with further opportunities and market diversification.

Our strategy, people and brand partnerships underpin our confidence for continued growth within the large and growing luxury watch and jewellery markets.

OUR PURPOSE

To WOW our clients while caring for our colleagues, our communities and our planet.

The Watches of Switzerland Group is an international retailer of world leading luxury watch brands with a growing complement of luxury jewellery brands.

The Watches of Switzerland Group provides clients with the finest selection of luxury timepieces from all of the major groups and independent brands together with an impressive presentation of smaller independent brands.

OUR VALUES

WE EARN TRUST & CONFIDENCE

By being true to ourselves and honest and transparent with our colleagues, our clients and our brand partners

WE TREAT EVERYONE WITH RESPECT

By working together to cultivate a secure and supportive workplace, with equal opportunities and respect

WE CARE FOR OUR COMMUNITIES

By actively engaging in our community and supporting those in need

WE PROTECT OUR PLANET

By working with our industry and other stakeholders to minimise our impact on the environment

WE ADVOCATE FOR OUR INDUSTRY

By proactively promoting the interests and responsibilities of the luxury watch and jewellery sectors in our markets

WE DO THE RIGHT THING, ALWAYS

By making the right decisions for the benefit of our colleagues, stakeholders and wider society

WELL-INVESTED SHOWROOM NETWORK

171
TOTAL SHOWROOMS AT 1 MAY 2022

65%
FY22 REVENUE FROM THE UK

35%
FY22 REVENUE FROM THE US

2,400+
NUMBER OF COLLEAGUES AT 1 MAY 2022

HIGHLIGHTS

REVENUE

£1,238m

CHANGE VS LY (AT CONSTANT CURRENCY EXCLUDING FY21 53RD WEEK)[1]

+40%

RETURN ON CAPITAL EMPLOYED[1]

27.4%

CHANGE VS LY

+770bps

ADJUSTED EBIT[1]

£130m

CHANGE VS LY

+68%

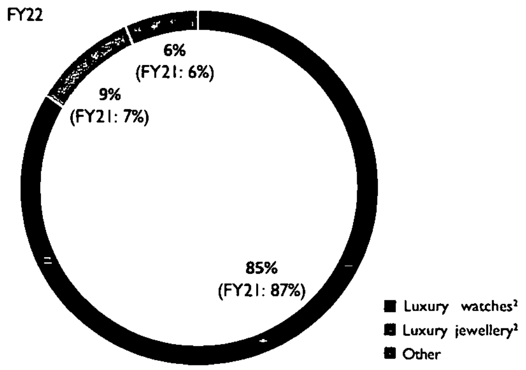
OPERATING PROFIT

£142m

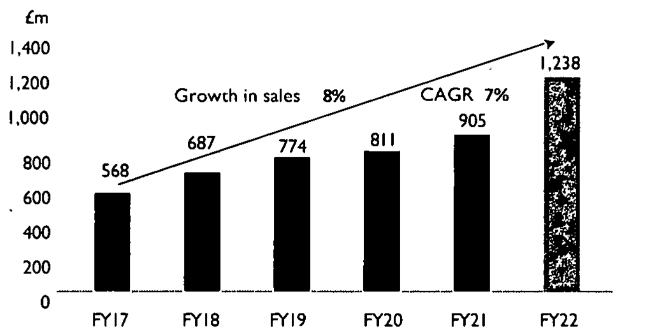
CHANGE VS LY

+74%

SALES BY CATEGORY



SIGNIFICANT INCREASE IN SALES

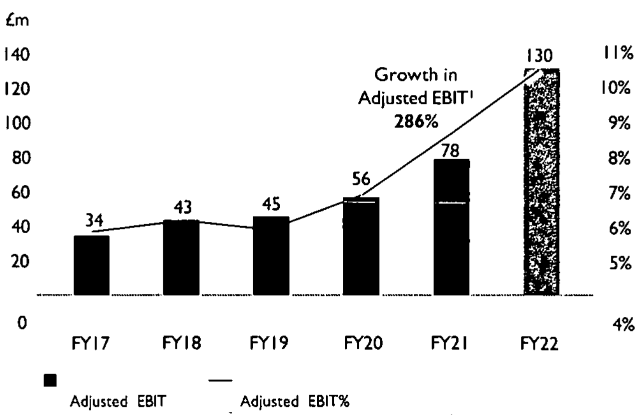


PROVEN TRACK RECORD AND MARKET-LEADING PROPOSITION

1. Proven track record of delivering a strong, consistent financial performance with robust sales, sustained profitable growth, elevated returns on capital and strong cash generation.
2. Long-standing, collaborative partnerships with the most prestigious and recognised luxury watch and jewellery brands.
3. Multi-channel specialist with a leading UK position and a significant and growing position in the US and which has high barriers to entry, robust demand, proven value creation and supply-driven dynamics.
4. National coverage in the UK, a significant growing presence in the US and opportunities for European expansion.
5. Well-invested showrooms providing an exceptional client experience through welcoming and expert service and luxurious, contemporary, spacious browsable environments.
6. Bold, impactful marketing focused on digital communications, Customer Relationship Management (CRM), client experience and co-operative activity with brand partners.
7. State-of-the-art SAP-based IT systems supporting all showrooms and websites in the UK and in the US.
8. ESG focus with sustainability pillars for people, planet and responsible sourcing.

Well placed to continue to build our leading position in the robust UK market and to become a clear leader in the US, an under-invested market for luxury watches, with expansion plans into Europe.

INCREASE IN PROFITABILITY AND LEVERAGE



THE WATCHES OF SWITZERLAND GROUP ANNUAL REPORT AND ACCOUNTS 2022

1 *STRATEGIC REPORT*

THE WATCHES OF SWITZERLAND GROUP ANNUAL REPORT AND ACCOUNTS 2022

CHAIR'S STATEMENT

This has been an outstanding year for the Group, with record sales and profit delivered through both organic expansion and acquisition. It is clear that the Group's robust business model has emerged from the pandemic stronger than ever at a time when demand for luxury watches and jewellery remains very strong.

Since joining as Chair in November 2020, I have been impressed by the commitment and professionalism of every one of my colleagues. and as such I would like to thank all of our team members for their unwavering dedication and drive. It is due to their commitment and hard work that we have been able to maintain our market leadership and achieve such strong metrics.

The expertise and professionalism of our colleagues has particularly come to the fore during this year with the launch of our 'Xenia' client service programme across the UK and US – elevating our client service to an even higher level, taking inspiration from the world of luxury hospitality. It has been wonderful to see the feedback and reactions to the market-leading client experiences we consistently provide to our clients. Additionally, I have been impressed with how the management team has further enhanced the Group's brand partnerships, through continued cross-departmental collaboration, spanning areas including product launches, merchandising, distribution opportunities, marketing initiatives and learning and development programmes. It is the strength of these partnerships which remains a key strength and differentiator for us.

Sustainability

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 established an ESG Committee as a Committee of our Board and appointed an experienced Head of ESG, to drive our sustainability agenda.

To further support the delivery of our Long Range Plan initiatives, the Group launched a new purpose, 'to WOW our clients while caring for our people, our communities and our planet' along with Company values.

We fully support the transition to a low carbon economy and have committed to the Science Based Targets initiative, setting near-term science-based targets aligned to 1.5°C under the Paris Climate Agreement.

In addition, we are delighted to have donated to date £4.5 million to support local causes through The Watches of Switzerland Group Foundation.

While we know there is still much to do, we have made significant progress on our journey to a more sustainable future and look forward to delivering our Long Range Plan, guided by purposeful business practices.

Governance

During the year, the Group fully complied with the principles and provisions set out in the Corporate Governance Code 2018.

The Board also recognises the importance of diversity and inclusion both in the boardroom and throughout the organisation. I am pleased to report that at the end of the year, the Group met the recommendations of the FTSE Women Leaders Review. Additionally, we ranked #11 in the FTSE 250 category. At the end of the year, we also met the recommendations of the Parker Review.

I would like to welcome Bill Floydd, who joined the Group as CFO in January 2022, as Anders Romberg stepped down from the Board. I would like to thank Anders for his many contributions to the success of the business, particularly while the business transitioned from private to public ownership. I would also like to welcome Chabi Nouri, who joined the Board at the end of the financial year as a Non-Executive Director. Chabi has over 20 years' experience in leading luxury goods companies, and we believe she will significantly add to the strength of the Board.

Outlook

We enter into FY23 with positive momentum, a strong pipeline of projects, visibility on supply through calendar year 2022 and our plan to enter the European market on track.

We interact with our clients in a modern and approachable way, sharing our love and admiration for the luxury timepieces and jewellery we sell. In both the US and UK, we plan to continue to build on our market-leading position through further enhancement of the showroom portfolio, mono-brand boutique expansion and further development of our online capabilities. We continue with our policy of basing guidance on committed projects only.

I am confident that through our strategy, people, brand partnerships and consistent levels of investment, we are well positioned to continue to deliver sustained growth and elevated returns for our shareholders.

WHAT DIFFERENTIATES THE LUXURY WATCH CATEGORY

A UNIQUE MARKET

Led by globally strong brands focused on investment, product quality and innovation and brand marketing, achieving a higher average selling price than most luxury consumer goods categories

LITTLE THREAT OF DIGITAL PUREPLAY DEVELOPMENT

Brands generally require prior showroom approval as a pre-requisite for online selling; multi-channel is a preferred direction

SWISS CONCENTRATION

Limited threat from technology or geography

STRONG VALUE RETENTION

Rarity, heritage, craftsmanship and precious materials support brand image and value; some products considered investment asset class

DEMAND EXCEEDS SUPPLY FOR KEY BRANDS

The overall market demand of Swiss watches exceeds production levels and supply. Clients required to 'register interest' and wait for progressively more product options

SPECIALIST CATEGORY

Specialist for both the manufacturer and the retailer; consumers respond to expertise, authority and heritage

HIGH BARRIERS TO ENTRY

Strong brand/retail partnerships are based on many years of experience and category expertise

Brand owners actively manage distribution through Selective Distribution Agreements

THE LUXURY WATCH MARKET HAS A STRONG TRACK RECORD OF GROWTH

The luxury watch industry is well protected with high barriers to entry and a track record of consistent long term growth, underpinned by sustained investment and elevated innovation.

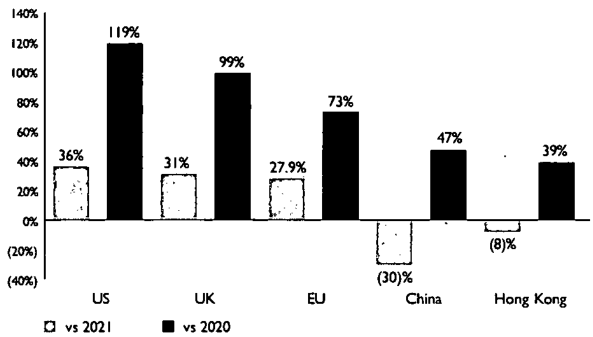
The Group estimates global retail sales of luxury watches[1] were approximately £37.3 billion in calendar year 2021 (2020: £28.3 billion), including the Swiss market, repairs and the contribution from non-Swiss luxury watch brands.

Luxury watches have continued to be supported by long term increases in prices, with the average selling price of Swiss watch exports (wholesale) generating a 21-year CAGR of +4.0% (2021 vs 2000).

Watches at the luxury end of the market have outperformed lower priced segments and represent 93% of the value of global Swiss watch exports in calendar year 2021.

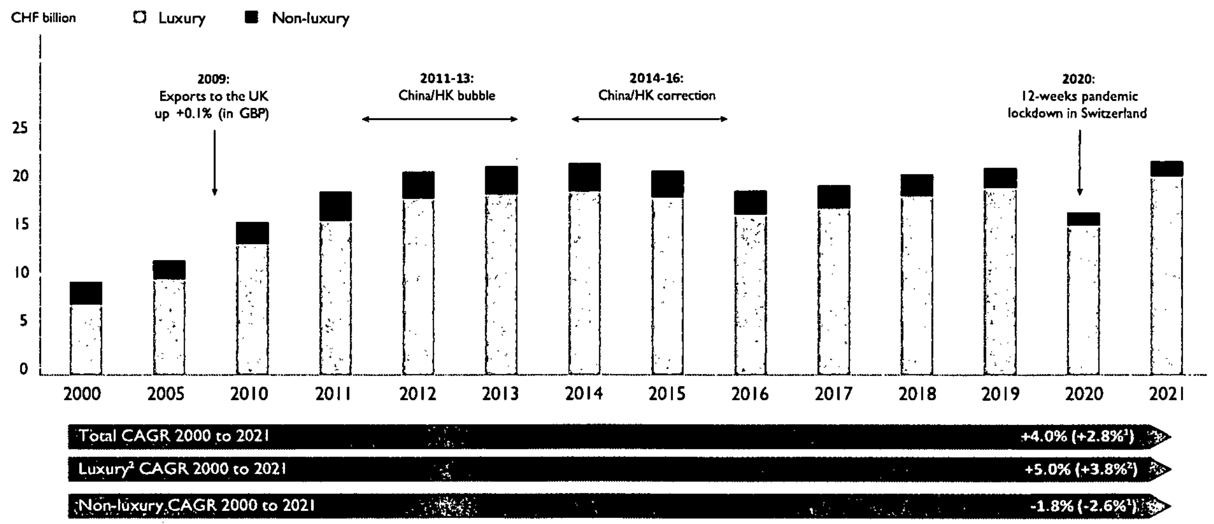
The UK and US have seen significant increases in Swiss Watch Exports in recent years, as can be seen in the graph below.

SWISS WATCH EXPORTS (WRISTWATCHES ALL PRICE SEGMENTS) JAN TO MAY



Source: Swiss Watch Federation

RESILIENT LONG TERM GROWTH IN SWISS WATCH EXPORTS



Source: Company information, Swiss Watch Federation statistics

1 CAGR shown through 2020.

2 Luxury watches in the market review are those at an export price over 500 CHF.

DISCIPLINED DISTRIBUTION MANAGEMENT THROUGH SELECTIVE DISTRIBUTION AGREEMENTS

Distribution of luxury watches takes place under Selective Distribution Agreements, strict legally binding contracts entered into with brands. These are ordinarily limited by geography and ensure retailers maintain strict presentation standards. Selective distribution agreements enable brands to manage the number of points of sale and qualitative criteria on retailer approval. Product presentation and client experience are closely monitored by the brand owners.

Globally, the retail market for luxury watches is fragmented, predominantly comprised of a large volume of small retailers.

LOYAL, DIVERSE, MULTI-GENERATIONAL CLIENT BASE

Luxury watches attract a set of shoppers, who can become repeat clients, spanning age and income groups and genders.

Showroom design, location, marketing and client service of the Group appeal to a broad demographic audience.

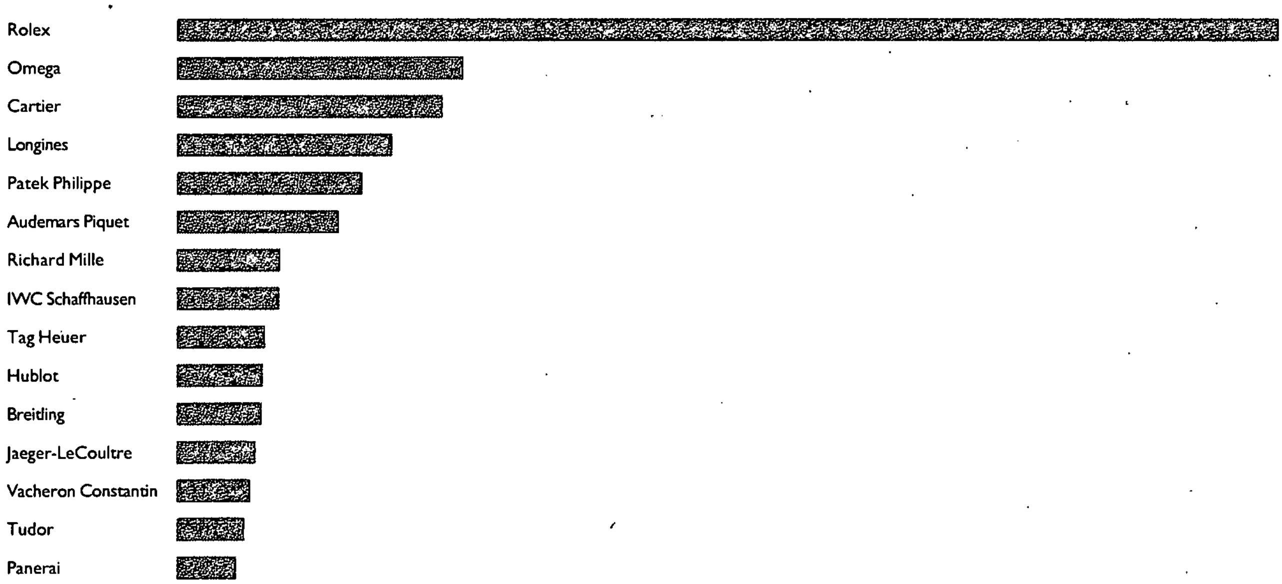
GLOBAL BRANDS HAVE SUPPLY DRIVEN GROWTH

For the total luxury watch industry, demand has increased at a faster rate than production, in part reflecting the labour-intensive nature of watchmaking and its dependence on highly skilled watchmakers in Switzerland. Long term growth has been underpinned by increased average selling price (ASP), positive mix effects and limited volume increases.

Luxury watch brands owners are made up of major independents, large groups and smaller independents as can been seen below. Our Group provides the largest selection of luxury watches covering a wide range of prices and consumer preferences, including the largest and best known brands alongside smaller independent brands.

We stock confidently which provides our clients with a greater width and depth of availability, the table opposite shows the breakdown of the Group's brand partners. The graph below shows estimated global retail sales for the major Swiss watch brands.

Major independents	Swatch Group	Richemont	LVMH	Independents
Rolex	Omega	Cartier	TAG Heuer	Grand Seiko
Patek Philippe	Longines	IWC Schaffhausen	Hublot	MB&F
Audemars Piguet	Blancpain	Panerai	Zenith	Bovet 1822
Breitling	Breguet	Jaeger-LeCoultre	Bvlgari	Ulysse Nardin
Tudor	Glashütte	Vacheron Constantin		Girard Perregaux
	Rado Switzerland	Piaget		Speake Marin
	Tissot			Jacob&Co
				Armin Strom
				Chopard
				Chanel
				Doxa
				H. Moser & Cie
				Bremont
				Oris



Source: Morgan Stanley, The Magnificent Seven (7 March 2022)

CONTINUOUS PRODUCT INNOVATION AND ADVANCEMENT

Luxury watches are characterised by a focus on product innovation and advancement which are normally introduced at prestigious watch fairs in Switzerland. In the UK and the US, there is a strong preference for sports models with the key brands consistently investing to ensure the highest degree of technical (diver, aviation and chronograph) specifications.

This year saw the return of physical watch fairs, with Watches and Wonders Geneva, where exciting new products were launched, accompanied by relevant marketing support.

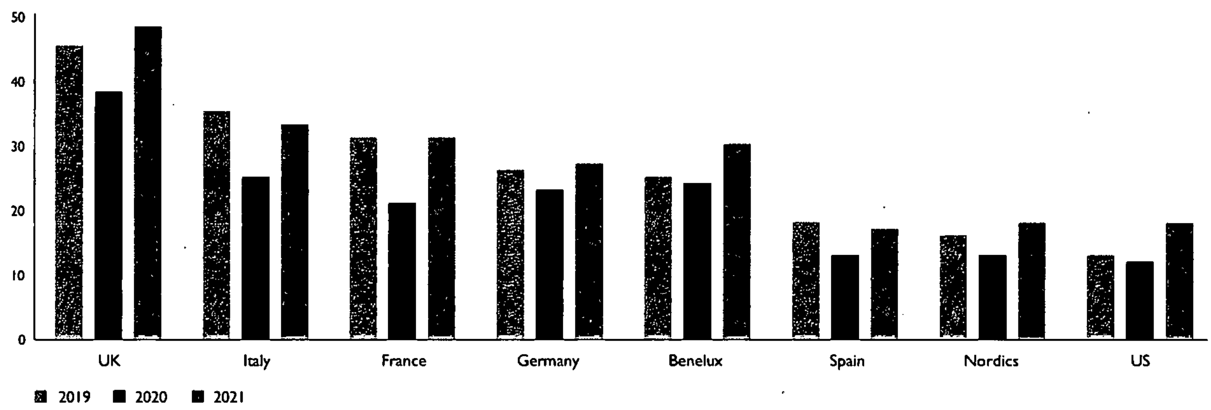
During the pandemic the luxury watch industry has been resilient and agile, recovering from the closure of production facilities during lockdown in 2020.

GEOGRAPHICAL MARKETS

The Group operates in the UK and US markets, two of the major Swiss Watch markets. We have also announced our entry into the European market through mono-brand boutiques. The following chart shows the luxury watch retail sales per capita over the last three years.

The UK market has outperformed all major European and the US market since 2000. The UK market has the highest per capita retail spend by domestic clients on luxury watches; we believe the differential to other markets reflects retail investment, not consumer behaviour, creating an opportunity to successfully replicate our model in other geographies and building on the success we have delivered in the US to date.

LUXURY WATCH PER CAPITA RETAIL SALES (US$)



Source: Company estimates based on Swiss watch export data from the Swiss Watch Federation

THE UK MARKET

UK MARKET HIGHLIGHTS

5

CALENDAR YEAR 2021 RANKING IN GLOBAL MARKETS FOR SWISS WATCH EXPORTS

£2.3bn

2021 LUXURY WATCH RETAIL SALES (2020: £2.2bn)

The UK is the fifth largest market on a global basis for Swiss luxury watch exports. The Group estimates retail sales of luxury watches amounted to £2.3 billion in calendar year 2021 (£2.2 billion in 2020).

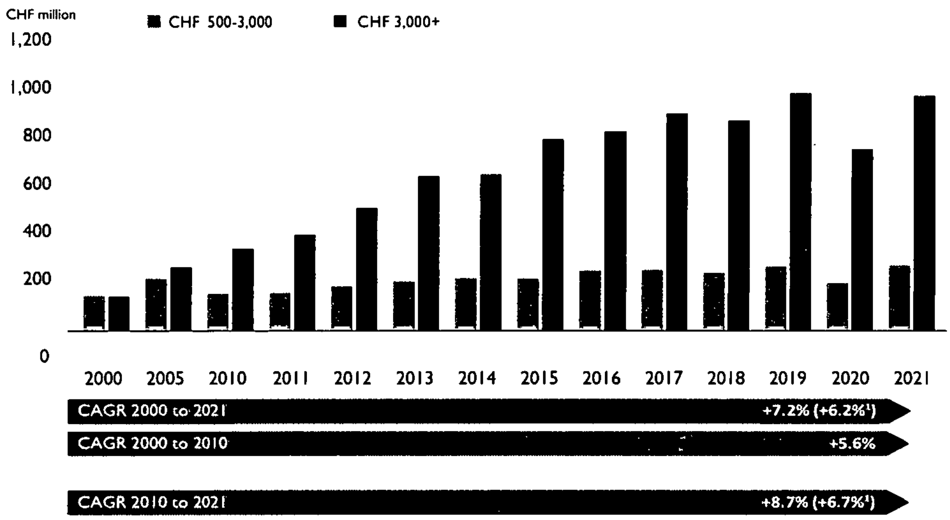
The UK market has been strong, a testament to a well-invested multi-channel market and highly engaged and sophisticated domestic clientele which has typically had a preference for the sports luxury watch category.

In the period 2000 to 2021, Swiss watch exports to the UK increased by a CAGR of +7.2%.

The UK market is made up of national groups, independent jewellers, luxury department stores and boutiques directly operated by the brands.

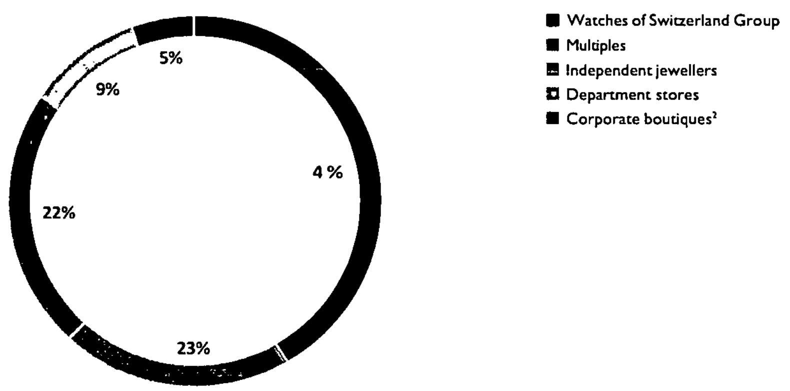
The UK market is led by Rolex, with strong market positions of Patek Phillipe, OMEGA, Cartier, Breitling, TAG Heuer and TUDOR.

LUXURY SWISS WATCH EXPORTS TO THE UK



1 CAGR shown through 2020.

UK LUXURY WATCH MARKET 2021



2 Directly operated by the brands
Source: GFK and Company estimates

THE US MARKET

US MARKET HIGHLIGHTS

1

CALENDAR YEAR 2021 RANKING IN GLOBAL MARKETS FOR SWISS WATCH EXPORTS (2020: 2)

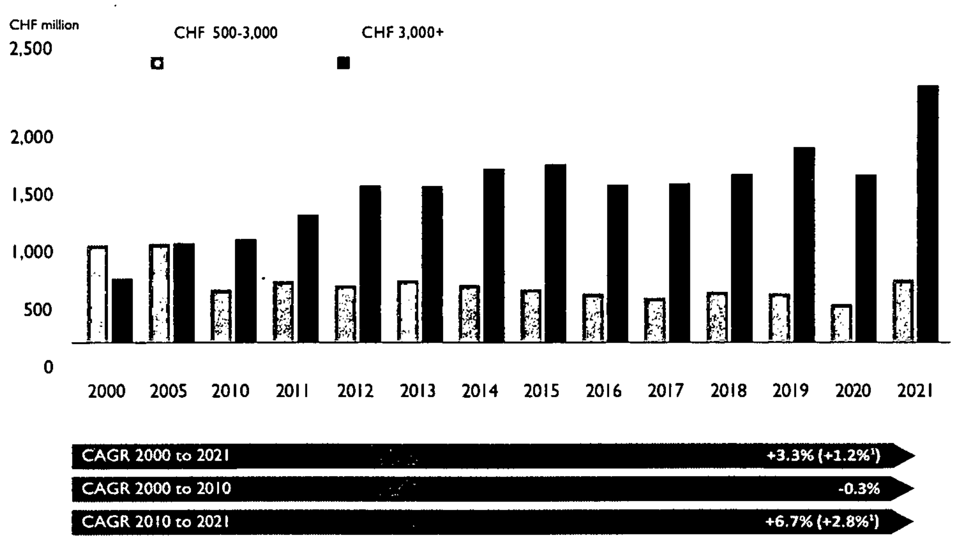
$6.4bn

ESTIMATED CALENDAR YEAR 2021 LUXURY WATCH RETAIL SALES

After a period of under-investment in the market leading up to 2018, the US has started to perform strongly and is today the largest global market for Swiss watch exports, overtaking China. The Group estimates retail sales of luxury watches reached US$6.4 billion in calendar year 2021 (2020: US$4.2 billion).

The US market is led by Rolex with strong market positions of Cartier, Patek Phillipe, Audemars Piguet, OMEGA, Breitling, Panerai and TAG Heuer. There is also relatively strong market positions for smaller independent brands such as MB&F, Bovet and H Moser.

LUXURY SWISS WATCH EXPORTS TO THE US



1 CAGR shown through 2020.

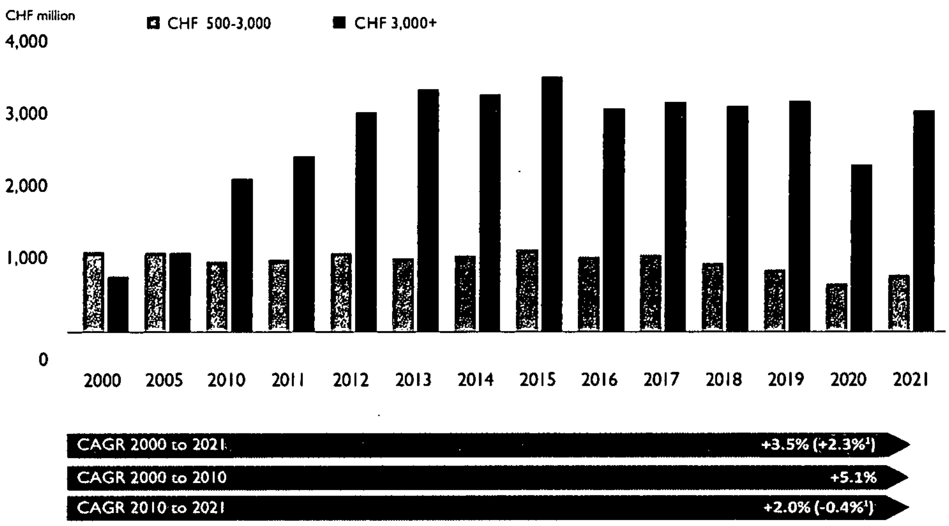
US retail distribution is in the process of consolidation towards larger showroom formats in major shopping centres and retail investment from the Watches of Switzerland Group and others has increased. The US market is predominantly domestic, although domestic tourism (e.g. to Florida or Las Vegas) is significant.

EUROPE

The European market shares some similarities to the US market, with a large level of fragmentation. As can be seen from the chart on page 18, luxury watch sales per capita lag behind the UK market.

Consumer prices in Europe are largely harmonised in Euro and also in £ sterling and Swiss Franc. Certain markets (Paris, Milan, Munich, Amsterdam, Vienna) have high levels of tourist sales.

LUXURY SWISS WATCH EXPORTS TO EUROPE



1 CAGR shown through 2020.

PRE-OWNED WATCH MARKET

We believe the pre-owned market is a positive development for the new market. It provides liquidity and value preservation for luxury watches. This is a growing sector due to the supply of certain products being inadequate to meet demand in the first-hand market. The market is made up with pre-owned and online marketplace players.

The pre-owned market today has an increasing dependence on product sold at prices above retail due to unavailability scarcity.

The pre-owned watch market contributes to the circular economy, refer to pages 134 to 137 to learn more about our ESG strategy in relation to the circular economy.

PRE-OWNED KEY PLAYERS: PURCHASE OR TRADE IN WATCHES TO SELL ON

Watchfinder & Co. Acquired by Richemont in 2018	Bucherer	Govberg	Hodinkee
Crown & Caliber Acquired by Hodinkee in 2021	Bob's Watches	Analog:Shift Acquired by the Watches of Switzerland Group in 2020	Watches of Switzerland Group

PRE-OWNED: ONLINE MARKETPLACE PLAYERS

Chronext	Crono24	eBay

LUXURY JEWELLERY

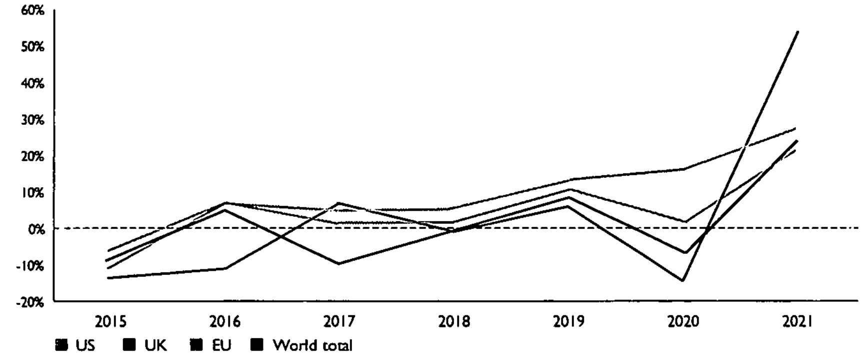
Our luxury watch business is complemented by a strong luxury jewellery offering.

The global luxury jewellery market has seen global trends towards the branded component of the market. The luxury jewellery market has grown at a CAGR of 7.7% from 2007 to 2021 (Source: Bain Altagamma).

The US and UK markets are among the largest globally on a per capita basis for luxury jewellery (Source: World Gold Council).

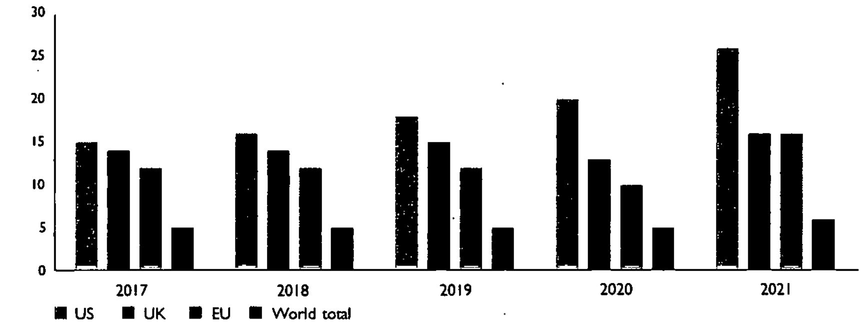
The US is the strongest market in the Western world for luxury jewellery per capita.

JEWELLERY DEMAND YOY %



Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council

LUXURY JEWELLERY DEMAND PER CAPITA (US$)



Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council

AFTER-SALES AND SERVICING

The Group believes after-sales and servicing complements the first-hand market for luxury watches and is critical in protecting and prolonging the life of the products.

The market is primarily supported by traditional multiple and independent retailers and dedicated watch or jewellery repair companies. The Group estimates after-sales and servicing represents approximately 5% of the market and is very important in terms of providing a luxury client experience.

The Group continues to expand the capacities of its UK National Watch Service Centre in Manchester and US centre in Fort Lauderdale.

After-sales and servicing contributes to the circular economy, refer to pages 134 to 137 to learn more about our Environmental, Social and Governance (ESG) strategy in relation to the circular economy.

Rolex

This legendary watch house was started in London in 1905, by an ambitious 24-year-old Hans Wilsdorf – a true pioneer of his time.

At a time when everyone else thought wristwatches for men were a passing fad, he founded a business focused on wristwatches. It was an 11-ligne, highly precise movement, which allowed him to make his vision a reality and, once military personnel and sportsmen took to wearing a wristwatch, gentlemen soon fell in love with this discrete and practical way to tell the time and to signal good taste.

By 1910, the company had produced the first-ever watch to receive the Swiss Certificate of Chronometric Precision, granted by the Official Watch Rating Centre in Bienne. This was followed four years later by a Class A precision certificate from Kew Observatory – a level previously reserved for marine chronometers. This certification proved that Rolex was capable of making timepieces that were stylish but did not compromise on accuracy. Then, in 1919, Rolex moved to Geneva, Switzerland, marking the beginning of a history that would see the brand inextricably linked with the watchmaking excellence of this country. Since then, it has been worn by everyone from explorers to Presidents, celebrities to civil-rights activists, and become one of the most sought-after watch brands in the world, not least for its ability to design iconic timepieces with similarly iconic names.

The Watches of Switzerland Group has retailed with Rolex for over a century. Back in 1919 we were selected to be one of the first to sell the brand, welcoming Rolex to our Northern Goldsmiths showroom in Newcastle, which first opened its doors in 1892. In 1935, we installed a vast four-sided golden Rolex clock above the showroom and that very same showroom remains on the same corner of Blackett Street today. Our two companies have worked closely together for over 100 years, with Rolex being woven through every aspect of our business from our impressive Rolex showrooms to our marketing, events, and media communications.

It was in April 2019 that we celebrated our centenary with Rolex with a series of client events. We partnered with the brand to unveil 100 specially engraved timepieces; a donation from each watch sold also raised money for the Prince's Trust to support disadvantaged young people across the UK.

As well as supporting cinema and the arts, Rolex is synonymous with sporting excellence, sponsoring notably F1, all four Tennis Grand Slams and golf, all of which have provided us with exceptional client hospitality experiences. We also partner with Rolex in both the UK and US on client events and invest in collaborative marketing activity across digital and traditional media.

In the UK, 2021 saw our largest client event series to date with over 30 localised intimate dinners. The US marketing team also partnered with Rolex to create a first-of-its-kind, off-site event celebrating the Spring release of the Rolex Novelty Collection. The event was held at a private Flamingo Drive estate in Miami, Florida and really showcased the 'Watches of Switzerland Difference'. At the estate, over three days, clients were invited to participate in private viewing vignettes and shopping lounges or relax by the expertly catered poolside area complete with customised menu and live music. The residence provided a picturesque backdrop for the unveiling of the new watches and allowed, for those lucky enough to attend one of the 45 private appointments, the opportunity to experience the new collections in a truly luxurious, once-in-a-lifetime setting.

We partner with Rolex on seven mono-brand boutiques in prestigious locations around the world. In the US, the newly refurbished Rolex mono-brand boutique in the Wynn Resort, Las Vegas, and the Mall at Millenia in Orlando, Florida, while in the UK Rolex is represented in London's Bond Street, Heathrow Airport and Glasgow.

Patek Philippe

Utilising over 175 years of experience and perpetuating the tradition of Genevan watchmaking, Patek Philippe has always been at the forefront of the luxury watch industry.

As the last family-owned independent watch manufacturer in Geneva, Switzerland, Patek Philippe enjoys total creative freedom. This position allows Patek Philippe to entirely design, produce, and assemble some of the finest timepieces in the world, which stay true to the spirit of innovation of its original founders, Antoine Norbert de Patek and Adrien Philippe, who started the brand that we know today. Patek Philippe is a brand that pushes the boundaries of watchmaking, while still keeping traditional crafts alive. It is a brand renowned for creating exceptionally beautiful pieces with equally stunning complications, and for keeping collectors curious with its much-sought-after timepieces.

Patek Philippe is also known for creating grail watches, whether that is in the form of the sleek steel lines of its Nautilus, a limited Calatrava reference, or the wonderfully complex Grandmaster Chime, the most complicated Patek Philippe wristwatch. It is also discerning when it comes to women, with its 2009 Ladies First Chronograph, powered by its first entirely in-house chronograph movement, being widely credited with kickstarting the trend for women's complicated mechanical timepieces. It is this tradition of innovation that has seen Patek Philippe file more than 100 patents. Patek Philippe has its own team of engineers working in its Advanced Research Department, founded in 2005, where they have been tasked with pursuing research into materials, technologies, and conceptual ideologies, such as the compliant technology that was used in the Aquanaut Travel Time Ref. 5650G, which launched in 2017. Alongside this, there have been launches featuring its usual creative combinations of complications, minute repeaters, and chiming watches alongside exquisite examples of enamelling and guilloche work found in the Rare Handcrafts collection.

Our relationship with Patek Philippe goes back over half a century and we are privileged to partner with the brand in our showrooms in both the UK and the US, offering our clients the chance to fall in love with this remarkable brand. To strengthen and solidify our partnership, we also work with Patek Philippe on an extensive training onboarding process to ensure our colleagues are trained to the highest calibre with the knowledge and tools at their disposal to communicate to our clients the rich history behind this brand and its timepieces.

We partner with Patek Philippe on advertising in traditional media, such as national and local printed newspapers and magazines, as well as including them in our very own in-house print title, Calibre. In 2021, we also created a wall mural of the latest co-op advertising with Patek Philippe to support our Watches of Switzerland, Soho, New York, showroom.

In both the UK and US, we host Patek Philippe events, which allow us to immerse our clients in a true luxury experience that evokes the spirit of the brand. Alongside these exclusive events, there are also exhibitions and roadshows in our showrooms, so our clients can view new or historical pieces, and we are also privileged to be able to offer the 'money can't buy experience' of being flown by private jet to the Patek Philippe Geneva Salon.

Audemars Piguet

Audemars Piguet is the oldest fine watchmaking manufacturer still in the hands of its founding families (Audemars and Piguet).

The brand's unique blend of traditional watchmaking expertise and contemporary culture references means its timepieces are sought after by watch enthusiasts and collectors, as well as by internationally renowned artists in music and film. Audemars Piguet has developed a reputation for being a brand that knows exactly what it is doing and where it is going, allowing it to position itself as one of the true market leaders.

Formed in 1875 by Jules Louis Audemars and Edward Auguste Piguet, both of whom had a talent for making complicated pocket watches, Audemars Piguet has always been at the forefront of haute horlogerie. It was one of Audemars first forays into exceptionally complicated mechanisms that inspired the Maison's complicated pocket watches, and by the end of the 1800s, the brand was thriving and widening its international presence with branches in London, Paris, and New York.

It is in the Vallée de Joux, at the heart of the Swiss Jura in Le Brassus, where this still family-owned brand continues to manufacture its horological masterpieces, including its flagship watch – the Gerald Genta designed Royal Oak – the world's first luxury sports watch, which, in 2022 celebrates its 50th anniversary. First launched in 1972, it was the first luxury watch to be made from stainless steel, proving that a timepiece could be both robust and luxurious, it revolutionised the thinking around materials and its integrated bracelet and screwed-down, octagonal bezel has sparked a myriad of imitations. In 1992 the Royal Oak Offshore was launched. Throughout its history, Audermars Piguet has been at the forefront of innovation. There was the first jumping-hour wristwatch in 1921; the first skeleton in 1934; the first direct-impulse escapement in 2006 and its 2015 Michael Schumacher collaboration, the Royal Oak Concept Laptimer, was the first mechanical chronograph with independent memory and three-column wheels.

Our partnership with Audemars Piguet has spanned more than five decades and throughout this time we have seen many of its pieces and collections shoot straight to the top of our watch enthusiasts' wish lists. We are proud to display these timepieces in our UK London showroom and our partnered mono-brand boutique at our Mayors showroom in Lenox Square, Atlanta, Georgia, in the US. Given the nature of these timepieces, we ensure our colleagues are equipped with the training and knowledge they would need to fully convey exactly what makes this brand so impressive. We will also see our marketing efforts increase as we explore Audemars Piguet's rich past and present and will work to widen their audiences further through our activity across both traditional and digital marketing channels.

Omega

Space, James Bond and the Olympics – when it comes to co-associations OMEGA certainly beats most watch brands in terms of cool but above that is their absolute mastery of technology and ability to produce some of the finest movements available today.

However, its beginning is more humble, namely a small workshop in the village of La Chaux de Fonds, Switzerland, in 1848, where watchmaker Louis Brandt set up his business, La Generale Watch Co., specialising in assembling pocket watches from parts sourced from local craftsmen. Passionate about precision, he spent his life developing the most accurate watches he could, and, when Louis passed away in 1879, his sons Louis-Paul and César took over the business determined to carry on their father's legacy, laying the foundations of this iconic watch brand. Paul-Emile Brandt assumed control in 1903 and renamed the brand OMEGA after the success of the 'OMEGA Calibre' from 1894.

Always at the forefront of technology, OMEGA recognised the genius of the George Daniels Co-Axial escapement, patented the design and went into production in 1999 with what is arguably the most significant development in horology for 200 years. This type of escapement provided the stability and accuracy to develop the rigorous testing criteria that allows them to pass both the COSC and METAS testing and describe their watches as Master Chronometers.

This pursuit of accuracy led to OMEGA being chosen as the timing partner for the Olympics, which it has done since 1932. It was certainly a factor in the brand's Speedmaster being chosen by NASA based on quality testing, as the watch that went to the Moon in 1969; that and being able to withstand -18° for four hours. As well as going into space, OMEGA has also conquered the depths of the Ocean, going deep into the Mariana Trench on adventurer Victor Vescovo's vessel *Limiting Factor*. OMEGA's record-breaking precision, reliability, versatility, and stylish aesthetics are reasons why this iconic brand is so popular, and we are proud to have been in partnership with the brand since the 1950s, having seen it go from strength to strength.

Our showroom colleagues are highly trained to be experts in the world of OMEGA, able to take every client on an adventure through time and space. Not only do we sell OMEGA across many of our showrooms, but we also extended our partnership further by having opened OMEGA mono-brand boutiques in high profile locations in the UK and New York, Florida and Las Vegas in the US. Further boutiques are planned for 2022 with an exciting expansion into Europe in Copenhagen and Stockholm.

Over the last few years, we have partnered closely with the brand in marketing its new launches and releases, through traditional and digital marketing, from print media to our in-house Calibre communications platform. OMEGA made the cover of our 2021 UK Calibre magazine when the Seamaster 300 Bronze launched. OMEGA is consistently communicated through our emails and is part of our successful Group campaign that highlights several core models across our portfolio of brands, in order to appeal to every type of client, from those at the beginning of their watch journey through to those wanting to expand their collection. The brand was also part of our Calibre Podcast where we hosted Andrea Nunziata, Brand Director of OMEGA and Managing Director of the Swatch Group (UK) and featured in our ambitious and hugely successful multi-channel Watches of Switzerland US "Anytime. Anywhere." campaign.

2021 and 2022 also saw key product launches for OMEGA including the OMEGA Seamaster Planet Ocean Ultra Deep – a piece made to withstand the toughest underwater conditions; the OMEGA Constellation with their iconic eight stars, which represent two world records for chronometry and six first places achieved between 1933 and 1952, and of course the OMEGA Seamaster Diver 300, worn by 007. The release of the Bond Watch provided us with an exclusive opportunity to host over 120 clients at a private screening of the most-recent James Bond film No Time To Die – which was the final outing for Daniel Craig as Bond himself. It was a truly memorable experience for our clients and one that celebrated not only a great British character but the great partnership we have with OMEGA.

Cartier

Widely regarded as the inventor of the wristwatch for men, Cartier was established in Paris in 1847 and is arguably one of the most recognisable Maisons in the world.

Cartier timepieces are synonymous with luxury, style, and a chic Parisian aesthetic. From its love of unusual case shapes to the Roman numerals with the word 'Cartier' written on either the VII or the X, and the blue cabochon on the crown, the Maison's design codes are as iconic as its collection names. Cartier is credited with inventing one of the first wristwatches, the Santos. It was designed in 1904 by Louis Cartier for famed Brazilian aviator Alberto Santos-Dumont and is still one of their most popular collections today. The Cartier Tank, launched in 1917, cemented its reputation as a maker of beautifully designed, original timepieces. Its unusual rectangular case was inspired by the new Renault tanks Louis Cartier saw in use on the Western Front – a rather macabre source but it yielded an elegant and timeless watch nonetheless, which has been adapted throughout the Maison's history.

Cartier has since developed its own range of in-house watch movements and has led the way in creative watchmaking with such designs as the Masse Mysterieuse, where the entire movement is part of the winding mechanism, and also its love of using unexpected case shapes. A rectangular case and dial are a firm favourite at Cartier, and many of their pieces use this shape to create streamlined silhouettes and elegant cuts. However, in 2007 Cartier introduced the Ballon Bleu, a round watch with the crown uniquely encircled by a smooth extension of the case drawing inspiration from a balloon. 2021 saw significant product launches for Cartier, including the updated Cartier Santos Dumont and the Cartier Tank Must, a piece that took inspiration from the Cartier archives. The range of Cartier Tank Musts included those on steel bracelets and those on leather as well as the very well-received limited-edition pops of colour. They also launched a very exceptional Cartier Tank Must that had an eco-feature: a 'solar beat' movement with a photovoltaic cell, powered by light, which can only penetrate the watch's dial through its numerals.

Our partnership with Cartier spans over 70 years. We have our own Cartier Boutique housed within our flagship Watches of Switzerland showroom on Regent Street, London along with presence in 15 of our showrooms and a growing presence online. In the US Cartier is present in nine of our showrooms and online.

Our experts within our showrooms are highly trained in all things Cartier to ensure we provide an exceptional personalised service to each and every client coming to look at the watches from this storied Parisian brand. We work with Cartier on many marketing activities across both traditional and digital media, including promoting them through our social and CRM channels. We also create bespoke emails and articles on the brand on our Calibre online channels. Cartier makes regular appearances in our in-house print title, Calibre, and it has been discussed many times throughout several different episodes of our Calibre podcast. In more recent months, this French Maison has been a part of our uniquely curated content themes throughout the business, where we create our own photography of the timepieces to use across all of our channels where appropriate. The brand was also part of our successful "Anytime. Anywhere." campaign in the US.

TAG Heuer

TAG Heuer creates watches that will take you anywhere – into the ocean's depths, up a mountain, behind the wheel of a car.

TAG Heuer timepieces are reliable, innovative, and versatile. The brand was originally established in 1860 in Saint-Imier by Edouard Heuer when he was just 20 years-old, making mid-range pocket watches with silver cases. It was his trips to the UK and people's obsession with sport there that saw Heuer make the connection between sport and chronographs; a link that would inspire some of the brand's most iconic watches. Heuer was the Olympic timekeeper in 1920, and it also supplied wrist chronographs to pilots and divers looking to break records. Jack Heuer cemented the connection between the brand and motorsport timing in particular when, in 1963, he launched the Carrera, named after the Pan-American highway race – the Carrera Panamericana. Accuracy is also what led Heuer to team up with Büren, Dubois Dépraz, and Breitling to create the Calibre 11, one of the first automatic chronograph movements launched in 1969 used in the models of the Autavia, Carrera and Monaco, Steve McQueen's choice of wristwear for the film Le Mans. Cars and precision continued to be an obsession, even after Techniques d'Avant Garde bought Heuer, turning it into TAG Heuer. Closely connected to motor racing, with collaborations with both Ferrari and Porsche, similar values of a daring pioneering spirit and boldness shape the identity of TAG Heuer watches. Its rich heritage is built on pushing boundaries and breaking rules. All while finding ingenious ways to overcome technology constraints to create daring watches and chronographs. Breaking watchmaking conventions means that TAG Heuer watches master time with unparalleled precision.

TAG Heuer's motor racing DNA reflects its core values of teamwork, mental strength, courage, and ambition. Its range of pieces inspired by Formula 1 and the Carrera Panamericana remain ever popular, with both racers and fans of racing wearing TAG Heuer models. The brand has even partnered with the Red Bull racing team on various efforts from partnership and sponsorship to ambassador relationships.

TAG Heuer also partners with ambassadors, such as actor Ryan Gosling, tennis star Naomi Osaka, Formula 1 Driver Max Verstappen and Indycar driver Alex Rossi, who are more than just the face of the brand but share the same core values of pushing boundaries in their respective industries.

We have been in partnership with TAG Heuer for over 40 years. It's an enduring partnership that has strengthened through the years, seeing us celebrate key anniversaries, such as the 160th anniversary of its Carrera models. We stock TAG Heuer across selected showrooms in both the UK and the US and have introduced more mono-brand boutiques this year in both countries. We are also expanding into Europe, marking an exciting step in our partnership with the brand. We pride ourselves on partnering with TAG Heuer on extensive training, ensuring our showroom experts have all the knowledge on hand to ensure that they themselves can also embody TAG Heuer's driving ethos. Through various marketing activities, both traditional and digital, we highlight the brand's new releases, innovations, and rich heritage. Partnering on events, both in our showrooms, and outside, allows us to capitalise on the brand's strong ties with sport by offering our clients 'money can't buy opportunities', such as football hospitality, racing experiences, and more. TAG Heuer also feature extensively throughout our marketing channels, from social media and email through to our Calibre editorial platforms, both online and in the printed version. We also regularly include TAG Heuer in our curated photoshoots and content themes, as well as on our Calibre podcast. This year at Watches and Wonders, we interviewed their Creative Director Guy Bove, who personally took us through the brand's releases at the fair and previously have interviewed their UK Managing Director Rob Diver. The brand was also part of our ambitious and hugely successful multi-channel Watches of Switzerland US "Anytime. Anywhere." campaign.

Breitling

Léon Breitling started his eponymous brand in 1884 and it has specialised in complicated timepieces and chronographs from the beginning, going on to pioneer the wrist-worn chronograph, which was hugely popular with military pilots.

A spate of supplying cockpit clocks to commercial aircraft led to the development of its most iconic watch, the Navitimer, a timepiece with a slide rule for accurate in-air calculations. Their timepieces are used by pilots and chair-born squadrons, as well as by divers both professionals and those merely dabbling, and collections such as the Navitimer and Superocean remain as popular a choice now as they were when they were first manufactured.

Breitling has been an early adopter of sustainability protocols, both in its business and its watchmaking. It has introduced the first 100% eco-friendly, foldable, and reusable watch box. Made from upcycled plastic bottles, this new box is part of its efforts to reduce negative environmental impact and it is committed to a circular economy. Breitling is also taking steps to ensure that its timepieces also reflect its aspiration for sustainability. The brands Superocean Heritage 57 Outerknown has a strap made from the innovative material ECONYL that uses repurposed nylon waste from the likes of fishing nets.

Our relationship with Breitling dates back to the 1980s and we are proud to work with the brand across all of our portfolio of showrooms, stocking a large selection of its most iconic collections and ensuring that our teams are highly trained in all things Breitling, from its history and heritage right through to its technical innovations. We are also proud to have partnered with Breitling on multiple mono-brand boutique locations, in both the UK and the US. 2022 sees our partnership with Breitling extend to Europe with openings of mono-brand boutiques in both Stockholm and Copenhagen. We partner with Breitling to ensure each boutique has its own local marketing plan and even introduced SMART events, which allow our colleagues to create bespoke client experiences to promote the brand.

In 2021 we also partnered with Breitling on our second exclusive piece – an Endurance Pro in beautiful deep green with the colour extending from the dial to the strap. Unsurprisingly, it garnered much press attention, and was featured in GQ, the *Evening Standard* and was reviewed by renowned watch Editor Bill Prince for our Calibre editorial channels. We also worked with the brand on further marketing opportunities, both traditional and digital, from placement in national and local papers and magazines to social media and emails. We also included Breitling in our in-house print title Calibre and its models are regularly included in our photoshoots and content themes. In 2021, we were delighted to host Breitling's UK Managing Director, Gavin Murphy, on our Calibre podcast, where he spoke about his career history at the brand and talked through the new timepieces and collection highlights. The brand was also part of our ambitious and successful Watches of Switzerland US "Anytime. Anywhere." multi-channel marketing campaign.

Tudor

Back in 1926, a watch dealer and maker known as 'Veuve de Philippe Hüther' registered the trademark 'The TUDOR' for Hans Wilsdorf, the legendary founder of luxury watch brand Rolex.

> "For some years now, I have been considering the idea of making a watch that our agents could sell at a more modest price than our Rolex watches, and yet one that would attain the standard of dependability for which Rolex is famous. I decided to form a separate company, with the object of making and marketing this new watch. It is called the TUDOR watch company."

HANS WILSDORF
1946

TUDOR stopped retailing in the UK and the US for a period at the end of the 1990s until the relaunch in the US (2013) and UK (2014) and TUDOR has now created a very strong and loyal client base – one that only grows with every new release. It is also a supplier to many professional and military operations. TUDOR was chosen by the French Navy in 1956 and with their collaboration, introduced what is recognised as their signature design cue, the 'Snowflake' hour hand in 1969. This allowed more luminous material to be added to the dial and hands as an aid to visibility in low light conditions.

Some of the most iconic TUDOR models include the Pelagos, and its most recognisable design, the Black Bay. New TUDOR Black Bays always garner attention from press and collectors alike. The release of the TUDOR Black Bay Fifty-Eight 925 watch, in 2021, was much talked about due to the brand's use of silver, something that is rare within the watch world due to the softness of the metal. TUDOR however developed its own silver alloy to ensure the piece is as strong and long wearing as possible. TUDOR's diverse fan base is reflected in its roll call of ambassadors, which include ex-footballing legend David Beckham and The All-Blacks Rugby Team.

We are proud to have opened the first TUDOR boutique in the UK in 2020, along with a mono-brand boutique at The Mall at Millenia in Orlando, Florida. Both boutiques, house some of the most iconic collections from the brand, including exclusive-to-the-boutique collections and the under-the-radar TUDOR Royal collection. Exciting introductions in recent times include 2019's homage to a prototype they supplied to the US Navy in the 1960s, the Black Bay P01 and their latest in the form of the Black Bay Pro, a professional tool watch with a GMT function that draws inspiration from the 1952 North Greenland Expedition.

As well as working together on training our colleagues, we also partner with the brand on marketing across a multitude of channels and disciplines. This includes both regional and national print and outdoor advertising opportunities, as well as across our social media channels and CRM. We also included TUDOR in our video-first UK Group campaign, one of our most successful projects, and often include its models in our unique content creation and photography, such as in photoshoots for our in-house print title Calibre, as well as across our online Calibre platforms, and our dedicated podcast. Last year saw us host a TUDOR event for 60 clients at an exclusive venue in London's Mayfair for an intimate dinner. The evening was hosted by our very own President of the UK & Europe, Craig Bolton, and the General Manager of TUDOR in the UK, Sven Olsen.

IWC Schaffhausen

Boston watchmaker, Florentine Ariosto Jones, founded the International Watch Company in Schaffhausen, in 1868.

Schaffhausen was chosen due to the river Rhine which passed through the town providing hydroelectric power. The reason being his idea of using progressive American production techniques, combined with Swiss watchmakers known-how to manufacture timepieces, was not entirely appreciated at the time in Geneva and the Jura. IWC's success amplified after WWII – during the war it distinguished itself making mil-spec pilot's watches, which connoisseurs still go mad over.

After it developed a remarkable self-winding mechanism with a bi-directional rotor; housed inside the Ingenieur – a collection still in the brand's catalogue today. Today IWC Schaffhausen has an international reputation for providing exquisite timepieces that exude an aura of retro-sophistication; the types of watches that accompany can-do sorts on their adventures. It embraces the very latest timekeeping innovations, progressively eliminating the use of third-party movements. It has also been pioneering when it comes to managing social and environmental impacts responsibly. It was the first Swiss watch brand to take Global Reporting Initiative (GRI) standards as a benchmark for its first sustainability report published in 2018. It committed to cutting greenhouse gases by 10%, reducing packaging weight and volume by 30%, reduce absence by 10% by improving health and well-being, and reach gender equality in training by 2020. IWC Schaffhausen was recognised by Positive Luxury as a 'Luxury Brand to Trust' since 2014 – allowing them to display its Butterfly Award in each of their Boutiques worldwide, engaging clients in their sustainability story.

We have enjoyed a partnership with IWC spanning over three decades and we were privileged to partner with them on the opening of the IWC boutique, located in the heart of London, at the Watches of Switzerland showroom in 155 Regent Street. We have also partnered with IWC on several exclusive timepieces, and we work collaboratively on marketing initiatives across social media, as well as hosting events and experiences. A highlight event of 2021 was the IWC BIG PILOT roadshow – an innovative, interactive client experience that guided the public and clients through the story of IWC and brought the BIG PILOT collection to life. This touring 'roadshow' appeared in a number of key cities in the UK and states in the US, allowing us to host our highly valued clients in an immersive experience, which gained huge PR coverage. To support the roadshows, IWC created 3D animated content to showcase on major outdoor advertising sites, including Piccadilly Lights in London, and we covered this spectacular activation through our digital channels across social media, CRM and across our Calibre channels. IWC has also partnered with Airspeeder on the world's first motorsport series for electric flying cars. We covered this in our in-house print title Calibre, and we've also had the pleasure of interviewing their CEO Christoph Grainger-Herr for our Calibre podcast. 2022 sees the Hollywood Blockbuster 'Top Gun: Maverick' released, adding to the association of IWC Pilot's watches and the Top Gun flight school.

Hublot

Founded by Carlo Crocco, scion of an old Lombardi family of watchmakers, the first-ever Hublot (meaning 'porthole' in French) was totally modern.

It had a sturdy three-part yellow gold case and clean black dial and, in a first for a luxury watch, a black rubber strap scented with vanilla. Hublot has a high-tech manufacture in Nyon on the banks of Lake Geneva and is at the forefront of new advances in technology and fundamental research into new materials. Fusion is the name of the game at Hublot. Not just in fusing traditional watchmaking with an iconoclastic flair but also with its materials. It has created Magic Gold, which is an 18ct gold alloy that doesn't scratch, and King Gold, which is a proprietary shade of rose gold. The brand managed to produce vivid coloured ceramics, found a way to colour sapphire crystal for its see-through cases, and even experimented with putting concrete in a case. It makes for an audacious, bold, brand whose new launches you can never quite predict. Its most iconic timepiece remains the multiple award-winning Big Bang, launched in 2005, the perfect illustration of the Fusion concept so dear to Hublot. The Big Bang, now the brand's signature collection and a watchmaking icon, celebrated its 15th anniversary in 2020 and in recent times we have seen a plethora of different colours, concepts, and variations of this design.

We have enjoyed over 30 years of collaboration with Hublot, and 2020 was the most exciting year to date. We expanded Hublot's presence in both the UK and US allowing our clients to immerse themselves in the Hublot experience with our highly trained experts, helped by the unique 'Art of Fusion' inspired Hublot décor that greets clients when they enter the new branded areas.

In 2020, we took our partnership even further with the launch of our second collaborative piece with the brand. The Classic Fusion Aerofusion Chronograph 'Watches of Switzerland Group' Special Edition 45mm is our own exclusive and featured on the front cover of our in-house print title Calibre, as well as being promoted via our traditional and digital channels; something we naturally do for all Hublot launches.

Panerai

Founded in Florence in 1860, Panerai's expansion started in 1935 when it was given a contract to supply absolutely watertight watches with brilliantly luminous hands to the Italian Navy divers.

These watches developed by Panerai at that time, including the Luminor and Radiomir, were not made for civilians, they were covered by the Military Secrets Act and were launched on the international market only after the brand was acquired by the Richemont Group in 1997. Today Panerai develops its movements and watches at its Neuchâtel manufacture including the *Laboratorio di Idee* and has garnered a coterie of obsessive fans who call themselves Paneristi and who are well-versed in the brand's somewhat intriguing history.

At Panerai, sustainability is a key element with the introduction of sustainability pillars ensuring it has the framework to embrace eco-friendly practises across all aspects of the business – including using recycled packaging to help reduce the environmental footprint. In April 2020, Panerai unveiled a watch it claims is 98.6% recycled by weight – the EcoTitanium Submersible Elab-ID Limited Edition. We have enjoyed a partnership spanning over 25 years with Panerai and continually work with the brand on immersive and interesting pop-ups and in-store events. Last year saw the introduction of Panerai into selected Goldsmiths Luxury showrooms. We have also collaborated on client opportunities, including sailing experiences on the brand's classic vintage yacht – Eilean. The brand features regularly in our themed pop-up campaigns in our UK Watches of Switzerland showrooms – the last one being our 'Divers Watch Collection' theme that also ran across our online channels. We were also privileged to interview Jean-Marc Pontroué, CEO of Panerai, for our Calibre podcast series, where he and Brian Duffy, our CEO, discussed how the brand has adapted since the pandemic and the 70th anniversary of its beloved and iconic Panerai Luminor would be celebrated.

Vacheron Constantin

Vacheron Constantin has the accolade of being the world's oldest continuously operating watch manufacturer. Founded in 1755 in Geneva, it survived even the Napoleonic Wars.

For more than 260 years, Vacheron Constantin has manufactured exquisitely made, high-end timepieces, never succumbing to the allure of the mass-produced. It has also been at the forefront of preserving traditional crafts through its Métiers D'arts series, passing-on unique skills across generations and enhancing the opportunities available for future watchmakers. Over the past few years, the brand has concentrated on broadening its offering with the likes of the Overseas and the gorgeous couture-inspired women's collection, Égérie. This year, the brand has made the bold decision to revive a classic from its own archives. At the watch fair Watches and Wonders, it launched its new Historiques 222 model – the symbol of an era and a watershed in the history of Vacheron Constantin. The 222 refers to the original piece launched in 1977 for the 222nd anniversary of their Maison – a bold design that marked a turning point in Vacheron Constantin's stylistic evolution – taking it out of the traditional and into the world of sports chic watches.

We have been working in partnership with Vacheron Constantin for over 40 years and are proud to have its presence in our flagship Watches of Switzerland showroom on London's Regent Street as well as presence in three of our Watches of Switzerland showrooms in the US. Our highly trained experts recognise the significance of the history and heritage of the brand and are trained to be able to tell, effectively, the tale of such a prestigious Swiss marque.

We also collaborate with Vacheron Constantin on events and experiences, to further educate and inspire our clients, by immersing them in the world of the brand. We regularly communicate about Vacheron Constantin through our marketing channels, in particular social media, CRM, and our Calibre platforms. We also, recently, had the privilege to meet and interview its CCO & CMO Laurent Perves who spoke to us about their latest timepieces launched at Watches and Wonders. This was recorded and uploaded to our YouTube channels, as well as promoted across social media and Calibre.

Jaeger-LeCoultre

The oldest watch manufacturer in the Vallée de Joux, Jaeger-LeCoultre can trace its origins back to the 1833 when its founder Antoine LeCoultre originally started by cutting pinions and grinding pivots for other watchmakers in the Vallée.

Fast forward to almost 200 years later and the company continues to be a pioneer within horology, creating collections that find innovative ways to use mechanics to develop unusual complications. Located in the calm, serene setting in the Vallée de Joux, the home of Jaeger-LeCoultre offers a unique sense of belonging. It is here, inspired by the exceptional landscapes of the Jura Mountains, this grande Maison gets its soul. Jaeger-LeCoultre is a vertically integrated manufacturer where everything, other than its sapphire crystals and straps, is made in-house. This allows every part of the business – the watchmakers, engineers, designers, and artisans – to work together to give birth to its fine watchmaking creations. This same spirit has powered the creation of more than 1,200 calibres since the brand began and has allowed Jaeger-LeCoultre to be affectionately referred to as the Watchmaker's Watchmaker. Its collections are synonymous with style and a certain panache. Some of their most iconic collections, include the Reverso range, designed for the polo fields of the 1930s; its Master collection, which is inspired by the brand's designs from the 1950s, and its sports collection Polaris.

We have enjoyed a partnership spanning over three decades with Jaeger-LeCoultre, and it features prominently throughout our key showrooms within the UK, and also in the US. We have collaborated with the brand on several in-store experiences and pop-ups, and our internal experts are all highly trained in the brand's rich history, heritage, and collections allowing them to properly communicate the uniqueness of this storied brand. The brand regularly features across our social media, emails, and our Calibre platforms as we aim to retell the wonderful tales of the brand, from iconic milestones to revealing new products. Jaeger-LeCoultre has also been included in our photoshoot features in our in-house print title Calibre, as well as in our originally styled and themed photoshoots that run throughout selected showrooms and on our digital channels.

Longines

Longines has been based at Saint-Imier in Switzerland since 1832. Its watchmaking expertise reflects a strong devotion to tradition, elegance and performance.

In its early days, the firm was run by Auguste Agassiz and was a 'comptoir' or trading office like many others in the area. The watches were produced under the 'établissage' system, whereby watchmakers worked at home. In 1867, Ernest Francillon, Agassiz's nephew and successor decided to abandon this production method and he brought together the different stages that go toward making a watch under one roof. The Longines factory was born. From then on, the factory in Saint-Imier steadily developed and produced many horological creations that gained international recognition. Longines was rewarded by various prizes which gradually gave the company its reputation of winning the most awards in international and world exhibition up until the 1929 exhibition in Barcelona, by which time Longines had won no fewer than 10 Grand Prix. In 1889, Francillon patented a trademark comprising the name Longines and its now famous winged hourglass. Longines also made a name of itself in sports timekeeping and designed timing equipment that gained the brand a worldwide reputation. Using its expertise, the brand established a network of advantageous links with the world of sport timekeeping which enabled it to offer its skilled services to various prestigious sports during the 20th century.

Today, Longines is proud to continue its tradition by creating products based on values that it has adhered to throughout the history. Longines also follows its vocation in the field of sports timing, namely in alpine skiing and equestrian sports. As a member of Swatch Group Ltd., the world's leading watch manufacturer, Longines is established in over 150 countries.

We have a long-standing partnership with Longines spanning over 65 years and have worked closely with the brand on many events and in-store experiences. Our internal experts help to communicate and educate our clients on Longines' history, heritage, and its incredible timepieces.

We have also collaborated with the brand on exclusive first-to-market opportunities, allowing us to retail the models ahead of anyone else for a limited period. This includes the ladies' models from the Conquest Classic collection in 2019 and the Longines Spirit Zulu Time for 2022, for which we had an exclusive first-to-market for the first six weeks following launch. We frequently promote the brand through our traditional and digital marketing channels and include them in our themed photoshoots, and features, in our in-house print title Calibre.

In the US, Watches of Switzerland hosted the Hamptons Classic Horse Show – the only retail partner in its history, in collaboration with long time event partner, Longines. The Watches of Switzerland Airstream mobile retail unit was on site to greet the spectators throughout the high-peak week and weekend.

Grand Seiko

Kintaro Hattori began selling and repairing clocks and watches in the Ginza area of Tokyo in 1881 and just 11 years later opened the Seikosha factory, manufacturing clocks and subsequently pocket watches.

By 1913 he had produced Japan's first ever wristwatch, the Laurel and then by 1924 the first 'Seiko' branded watch. These foundations enabled the production of the first Grand Seiko in 1960, however, in a wonderfully ironic twist, production was pulled in 1975 because quartz had destroyed any demand for mechanical watches. Also a fully integrated watch manufacturer, with watchmaking centres dotted around Japan's prefectures, for over half a century, Grand Seiko has quietly made, by hand, some of the most precise watches the world has ever known with some of the most poetically inspired dials, from the texture of birch bark, to the way snow settles on the mountains in Taisetsu, the 21st of Japan's 24 'sekki' or seasons. Some of the most well-loved Grand Seiko collections include its Spring Drive – mechanical watches with an electronic regulator, the Sport collection, and its Elegance collection.

We have enjoyed a fruitful partnership with the brand and have collaborated on events such as the 'The Nature of Time' in 2020, based in Soho, New York. This immersive experience featured the largest collection of Grand Seiko timepieces in the world, as well as eight educational zones for guests to learn about the brand's master craftsmanship, movements, and history. The collection also featured the Grand Seiko Toge, a piece that we partnered on, and that was launched exclusively with us in 2020. The Toge takes inspiration from the Japanese and British legacies of the two respective companies, combining classic British racing green with the fine texture of Grand Seiko's signature Mount Iwate dial. The term 峠 (Tōgè), or 'mountain pass', refers to a navigable route through a mountain range, and this special edition timepiece subtly evokes the image of a spirited drive over the many ridges of Mount Iwate in Northern Japan. It is quite literally the embodiment of the Grand Seiko ethos.

We continue to honour our partnership with Grand Seiko by communicating and educating our clients about the brand through social media, newsletters and our Calibre platforms, both in print and online. At the watch fair Watches and Wonders we also included Grand Seiko's UK Brand Manager, Rob Brook, in our series of interviews uploaded to our YouTube channels. The brand was also part of our ambitious and hugely successful multi-channel Watches of Switzerland US "Anytime. Anywhere." campaign.

In 2021, we also launched the Grand Seiko mono-brand boutique in Soho, New York in partnership with the brand.

Zenith

Discipline, ambition, and the incredible foresight of a watchmaker lie at the heart of Zenith.

First established in 1865 by a then 22-year-old Georges Favre-Jacot in Le Locle, in the canton of Neuchâtel, the brand quickly became known as the first watch manufacturer in the modern sense of the term – using precision machinery to manufacture nearly interchangeable watch parts in big series. In 1969, it was part of the race to produce the first automatic chronograph, the El Primero, which is widely regarded as one of the finest chronograph movements ever produced. It's also the movement that saved Zenith as a manufacture due to the vision of Charles Vermot, the watchmaker who hid the designs and tooling for the movement in the attic of the factory during the 'quartz crisis' in the belief that this would be needed in the future. Given its spirit of adventure, it's not surprising that its watches have accompanied extraordinary figures as they achieve the seemingly impossible – from Louis Blériot's history-making flight across the English Channel in 1909 to Felix Baumgartner's record-setting stratospheric free-fall jump in 2012. Zenith has been there at each point, assuring precise and reliable timekeeping. Some of its most iconic timepieces include those from its Defy collection – the flagship sports line; its retro-styled Pilots collection, and also its Chronomaster Sport. Every model is inspired by a passion for accuracy and desire to create sartorially led everyday wearers. Zenith also partners with a selection of ambassadors, including actors, gymnasts, and architects, that it feels embody the spirit of Zenith.

We have worked with Zenith for a number of years and have consistently seen the brand release spectacular collections. Zenith models always do well across our marketing channels, and we communicate news about the brand and its new releases throughout our performance marketing, social media, newsletters, and Calibre editorial platforms. We were pleased to have Zenith's CEO Julien Tornare as a guest on our Calibre podcast talking us through the pieces that Zenith was launching for 2021 and what activity would be surrounding them. At the watch fair Watches and Wonders we included Zenith in our series of YouTube videos.

MB&F

After decades of conforming to the rules of corporate watchmaking, Maximilian Büsser broke the chains and started a rebellion in 2005; a rebellion called MB&F – Maximilian Büsser & Friends.

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The desire to allow his creativity and energy full reign saw Max resign from iconic jewellers Harry Winston to form his creative ideal: MB&F. With his new company, Büsser has full creative liberty to indulge in his passion for working with the most talented independent horological professionals – pushing the limits of horology into a new dimension. MB&F is an artistic concept laboratory based around a simple idea: to assemble collectives of independent watchmaking professionals to develop radical watches – either sitting in his Horological or Legacy Machines collections. Collaborating with horological luminaries Eric Giroud, Laurent Besse and Peter Speake-Marin produced the first machine, the HM1 in 2007. The following Horological Machines have taken inspiration from science fiction, supercars, aircraft and the animal kingdom – like the HM10 presented in 2020, inspired by a bulldog. Aside from evolving the watch collection, Büsser works with clock maker L'Epée 1839 to produce unconventional clocks with exotic names such as Starfleet Explorer and Destination Moon.

We are proud to work with MB&F within the US, with a presence in our Watches of Switzerland, Las Vegas showroom and we are privileged to be working in collaboration with MB&F to open the first boutique in the UK within our flagship Watches of Switzerland showroom on Regent Street, London.

Bovet 1822

BOVET 1822 is a Swiss manufacturer of luxury timepieces that was founded in 1822, by Edouard Bovet and his brothers, to produce high-quality, exquisitely miniature-painted and gem-set pieces to high-end clients all over the world.

Collectors include Kings, Emperors, Sheiks, Diplomats, and lovers of fine timepieces everywhere. BOVET is one of the few true manufactures in high watchmaking, making nearly everything in-house, including the beating heart of the timepiece – the hairspring and regulating organ.

Celebrating 200 years this year, BOVET 1822 continues to create timepieces that employ artisanal techniques such as hand-finishing, hand-engraving, and miniature painting, as well as iconic designs like the crown at 12 o'clock, beautifully engraved movements, and innovations such as the Braveheart Tourbillon presented in 2015, protected by six patents. BOVET's developments are always aimed at improving precision and reliability while creating timepieces that link watchmaking's past and future. The House has also received more than 40 awards and distinctions over the last 15 years for its contributions to horology, including watchmaking's highest award, the Aguille d'Or, for the Récital 22 Grand Récital in 2018, as well as the Mechanical Exception Award for the Récital 26 Brainstorm Chapter Two.

One of the House's most iconic collections is the Fleurier, which consists of 11 styles and is characterised by round cases with the crown at 12 o'clock, referencing BOVET's pocket watch heritage. Within the Fleurier collection, many timepieces feature the patented Amadeo convertible system that allows the watch to be reversed on the wrist, used as a desk clock or on a chain as a pocket watch, all without any tools.

The main characteristics of BOVET 1822 timepieces are the exquisite finishing, whether its angling, bevelling, enamelling, guilloche work, or engraving, alongside the technical expertise in producing tourbillons, long power reserves (minimum of 5 days, up to 22 days), perpetual calendars, jumping hours, retrogrades, and multiple time zone movements.

Some of its most highly sought-after collections and pieces can be found in our Watches of Switzerland Knightsbridge showroom in the UK and our Watches of Switzerland, Las Vegas showroom in the US. You can also browse the brand on our Watches of Switzerland websites. Our teams have been highly trained to communicate the fantastic history of this brand, and we are proud to be able to tell its story to our clients.

Ulysse Nardin

Ulysse Nardin SA is a Swiss luxury watchmaking company founded in 1846 in Le Locle, Switzerland.

The company became known in the nautical world for manufacturing highly accurate marine chronometers and complicated timepieces used by over 50 of the world's Navies from the end of the 19th century until 1950. Ulysse Nardin garnered its reputation for accuracy as early as 1862 achieving the Prize Medal for pocket chronometers at the International Exhibition in London and by the mid 1970's had accumulated over 4,300 certificates and ten gold medals for the accurate performance of its marine chronometers.

It is a heritage that the brand continues to draw on in terms of its inspiration, and we have seen many variations of collections that pay homage to its archives, as well as ones, such as the Freak, from 2001 which challenged the conventions of watchmaking by adapting the carousel to a 60-minute rotation so the movement platform could double as a minute hand, with the mainspring drum geared to act as an hour hand. It also introduced the use of silicon to watch movements for the first time ever. Met with some industry scepticism at the time this material is now commonplace in many manufacturers' collections.

Ulysse Nardin is committed to achieving the 17 United Nations guidelines on Sustainable Development by 2030. Because of the brand's connection with the oceans, they have a particular interest in developing scientific knowledge concerning the shark preservation and upcycling to reduce marine plastic pollution, and work with organisations to recycle fishing nets and bottles into watch straps and components such as bezels. They also support The Ocean Race, an around the world yacht race that aims to inspire and educate people on the plight of the seas.

We included Ulysse Nardin in our 'Divers' campaign among other prestigious luxury watch brands and we always see a great response across our digital marketing channels when we promote the brand. At Watches and Wonders, we were delighted to interview their CMO, Françoise Bezzola, about its new collections launched at the fair, including their iconic Freak collection. Ulysse Nardin has also featured throughout our Calibre editorial platform with watch journalists, such as Watches International editor, Stephen Watson, contributing to cover the brand. The brand was also included in our ambitious and hugely successful multi-channel Watches of Switzerland US "Anytime. Anywhere." campaign.

Girard Perregaux

Girard-Perregaux has contributed to some of the most distinctive landmarks in horology bringing passion to precision, art to aesthetic and a playfulness of contrasts that never fails to create surprise.

Jean-Francoise Bautte began manufacturing watches at the tender age of 19 in 1791 and quickly gained a reputation for high quality timepieces in the royal courts of Europe. His work lived on thanks to Girard-Perregaux, a company founded in 1856 and named after Constant and Marie, husband and wife with a strong background in the watchmaking industry. Girard-Perregaux carried on the idea introduced by Bautte of mastering all the required horological skills in-house to create a watch, making it one of the oldest manufactures to date.

The craftsmanship and dedication of Girard-Perregaux to the art of watchmaking has stayed unchanged over the years and this is evident through the iconic Three Bridges collection, which features a movement where three identically symmetrical visible bridges support the tourbillon, the barrel, and the gear train of the minute and hours hands. This design had a substantial impact at the Paris Universal Exhibitions where it won the prizes in 1867 and 1889. There is also the timeless style of the Laureato with its integrated bracelet and iconic of the 1970s, the captivating Cat's Eye with its unusual elongated oval case or the recently reintroduced digital display watch with a quirky design, the Casquette. Girard-Perregaux was an early innovator in the field of electronic quartz watches and produced the first commercially available Swiss quartz watch whilst establishing 32,768 Hz as the universal frequency for the industry. These innovations all have an element of disruption in common; a desire to turn watchmaking upside-down. Our teams are trained to the highest of standards to effectively communicate on the brand. We feature the brand across our digital channels, including social media, newsletters, and over at our editorial platform, Calibre. We have collaborated with Girard-Perregaux on launching several UK exclusives, including the Laureato in collaboration with Aston Martin, and the most recently launched, highly sought-after Casquette model.

Blancpain

Blancpain is the oldest watch company name, originally founded in 1735 in the Swiss Jura by Jehan-Jacques. Blancpain is known for making watches that pushed the absolute limits achievable by precision machines and the human hand. Today, Blancpain continues to push the boundaries of what this combination can achieve with such challenging complications as equations of time and eight-day tourbillon movements. Blancpain collections and timepieces can be found in our Oxford Street, Knightsbridge, and Regent Street Watches of Switzerland UK showrooms and in our Watches of Switzerland showroom in Plano, Texas.

Blancpain were the pioneers in dive watches and their CEO Jean-Jacques Fiechter worked with the famous undersea explorer Jacques-Yves Cousteau in the 1950's to define what a dive watch should be in terms of legibility, water resistance and functionality. The resulting Fifty Fathoms timepiece has been a staple of the collection for decades – a testament to the original design.

Our internal Blancpain experts are highly trained in the heritage and history of the brand in order to convey its rich history to interested clients. In 2021 it featured within our 'Divers' pop-up campaign in our Knightsbridge Watches of Switzerland showroom, as well as being a part of our newly created themed photoshoot activity, along with other prestigious brands. To celebrate this, and to provide an immersive experience, we hosted clients for the evening, showcasing their heritage divers' pieces from their archives.

Breguet

Since its creation in 1775, Breguet has never ceased to distinguish itself as one of the world's elite watchmaking brands, thanks to the avant-garde spirit instilled by its founder Abraham-Louis Breguet. An outstanding scientist and technician, he was always on the lookout for innovations that would bring precision and reliability to timepieces. He was also the originator of numerous inventions within horology such as the tourbillon, the first wristwatch, the pare-chute; as well as Breguet 'apple' hands. As the initiator of the neo-classical style in watchmaking, his creation of a refined and legible design became the trademark of Breguet and has inspired the aesthetic & trends of many timepiece brands since. This innovative spirit has captivated numerous personalities from the political, economic and financial elite around the world since the brand's inception.

Since the Swatch Group acquired Breguet in 1999, the desire to perpetuate the House's rich heritage while continuing to build the watchmaking of tomorrow is more relevant than ever. Breguet is devoting considerable energy to developing the Research & Development (R&D) department, which has already invented the silicon balance spring and the magnetic pivot. It is in the expert hands of its craftsmen, in the manufacture located in heart of the Vallée de Joux, that each watch and each component are created.

Excellence, know-how and passion: since 1775 the Breguet brand continues to surprise with watch collections that perpetuate its heritage while aiming for the future.

We are proud to have collaborated with the Manufacture Breguet for several years, which shares the same values of excellence and precision as our brands. In 2020, we were delighted to feature the brand in our pop-up campaign 'History of The Tourbillon' which showcased several iconic pieces from the House of Breguet.

Jacob&Co

Jacob Arabo built his fame on catering ever more lavish and exclusive jewellery to a unique audience of celebrities and prominent entertainment figures. He established Jacob & Co. as one of the most powerful luxury names in recent history. As early as 2002, he applied that philosophy to timepieces with a new motto: *Inspired by the Impossible*. At the onset of the 2010's, he focused on a new horological approach, based on extremely sophisticated timepieces, often adorned with extensive gem-setting of the highest level of quality, colour and diversity. The Caviar, Astronomia, Opera Godfather, Twin Turbo and Twin Turbo Fast and Furious, Bugatti Chiron and Jean Bugatti collections spearhead a new generation of high complication timepieces with innovative and bold formats. The Epic X, a graphic, skeleton sport pieces collection culminating with a tourbillon chronograph, has been recently redesigned. Never shying away from pushing every aspect of creation and exclusivity to new heights, Jacob & Co. is now a full-fledged member of the Haute Horlogerie circle. We are proud to house Jacob & Co. in our US showrooms and more recently in the UK.

Speake-Marin

Speake-Marin is Geneva-based fine watchmaking house with British roots founded in 2002. It is renowned for creating, developing, and assembling innovative limited mechanical timepieces with in-house movements and unique complications. Speake-Marin's designs are defined by a bold, often architectural aesthetic, reflecting the concept of 'Belle Horlogerie' – for those who want to wear something unique on their wrist. The contrast of hyper-contemporary dials with a classic case, makes for audacious designs that are unlike anything else. Speake-Marin, as an independent fine-watchmaking house, inspires watch collectors who love exceptional timepieces and seek to be a part of the 'Happy Few' Speake-Marin owners club.

We are honoured to present some of Speake-Marin's finest timepieces for our most discerning clients. Distinguished by their limited availability and formidable features, Speake-Marin watches are the epitome of independent luxury watchmaking. Our entire selection of Speake-Marin watches is available for sale online across our Watches of Switzerland UK and US sites, as well as in selected showrooms.

Armin Strom

Armin Strom is an independent watch company based in Biel/Bienne, Switzerland. Armin Strom timepieces offer a unique fusion of the Swiss-German horological tradition, avant-garde 'transparent mechanics' and an unwavering commitment to horological innovation. The hallmark of the brand's low-volume, artisanal approach to watchmaking is its commitment to exposed dial-side movement mechanics, with every part hand-finished to the highest haute-horology standards.

Armin Strom was established in 1967 by Mr Armin Strom, a legend in the art of hand-skeletonisation. In 2006, the stewardship of Mr Strom's legacy became the responsibility of Master Watchmaker Claude Greisler and businessman Serge Michel, who together revitalised the brand with the opening of Armin Strom's first fully integrated Manufacture in 2009. Today the brand designs, develops, mills, embosses, galvanises, hand-finishes and assembles all of its own watches in-house, enabling Armin Strom to bring even the most complicated ideas to life without any of the compromises that typically stem from reliance on a supply chain.

We have ensured our teams are highly trained in being able to effectively communicate the brand's history and collections via our online virtual boutique as well as in our showrooms. You can find the brand in our Watches of Switzerland, Soho, New York showroom in the US where the pieces can be seen in all their glory.

Chanel

French fashion house CHANEL is synonymous with elegance and style and has enjoyed over a century of success as one of the most iconic and recognised brands in the world. They first introduced their timepiece collections in 1987 with the launch of the PREMIÈRE watch, inspired by their N°5 perfume cabochon stopper. In 2000, we saw CHANEL release their much-loved J12 collection in revolutionary ceramic, and this is one of the collections that has gone from strength to strength. CHANEL entered the world of grande complications in 2005 with their J12 Tourbillon which was something that gained much coverage at the time, and when they released their first movement entirely developed and manufactured by CHANEL in Switzerland in 2016, the brand firmly solidified themselves as a key player in horology. In 2021 they enlisted actress Margot Robbie to be the face of their J12 collection, and at Watches and Wonders in 2022, we saw them release the new J12 Diamond Tourbillon Calibre 5. We have enjoyed much success with this French brand, and our experts both in our showrooms and online share the same passion and interest for CHANEL's history, heritage, and models.

H. Moser & Cie

Passion for innovation and entrepreneurial heritage are the driving forces behind H. Moser & Cie. Defying the norms, and continually challenging itself to ensure it moves forward, H. Moser & Cie. occupies a distinct position in the market. It manufactures the majority of the components in its movements, including the hairsprings and the regulating organs which are used for its own production as well as to supply its partner companies. As part of a Swiss family-run group, the brand enjoys a significant degree of freedom and autonomy allowing it to be extremely responsive to trends, as well as wonderfully irreverent. Its timepieces are a combination of classic watchmaking technique and an anarchic spirit. You can find the brand on our Watches of Switzerland US website as well as in our Watches of Switzerland showroom at the Wynn Resort, Las Vegas. Our teams are trained in the history, heritage, and collections of H. Moser & Cie. and will be delighted to take any client through the pieces.

Chopard

Founded in 1860 in Sonvilier, Switzerland, by Louis-Ulysse Chopard, the Chopard brand stands for innovation, quality, and authenticity. Under the impetus of the Scheufele Family, who bought the company in 1963, Chopard has been committed to a tradition of excellence and experienced spectacular development. Renowned for its creativity, its high level of vertical integration and its state-of-the-art technology, it has become one of the leading names in the fine watch and jewellery industry. Whether you're selecting from Chopard Racing watches or the Iconic Happy Sport models, all timepieces in this vast collection draw from the brand's rich heritage of craftsmanship and have a story of their own. One of their most iconic collections that runs across both watches and jewellery is the 'Happy' collection, with its moving diamonds, and it has spawned several iterations including 'Happy Hearts', 'Happy Sport' and 'Happy Diamonds' and in 2021 appointed A-list actress Julia Roberts as the face of the campaign. They felt that Roberts reflected the core values of their business, and collection and through her 'communicative energy and grace, Julia Roberts is the triumphant embodiment of dancing diamonds'. We have a fantastic partnership with Chopard, and their beautiful pieces can be seen both in key showrooms and online.

Glashütte

Glashütte Original stands for innovative German watchmaking art that meets the most demanding standards. Located in the small Saxon town of Glashütte near Dresden, the manufactory brings traditional artisanship and modern technologies together under one roof. The company produces up to 95% of all watch components itself, including the filigree dials.

Glashütte Original upholds the values of authentic manufactory production and can look back on a rich history of more than 175 years. Over the decades Glashütte Original has created a culture of excellence that is reflected in timelessly beautiful and technically sophisticated timepieces.

Glashütte Original is available in our key Watches of Switzerland London showrooms; Knightsbridge and Oxford Street as well as online at Mappin & Webb and Goldsmiths. We work with them on training our internal experts to the highest of standards in its history, heritage, and collections ensuring that it is being represented in the best possible way. Our online experts are also on hand to be able to effectively showcase the brand through virtual appointments.

Piaget

It was in Côte-Aux-Fées that Georges-Edouard Piaget set up his first workshop in the family farmhouse and devoted himself to producing high-precision movements. 1874 marked the start of an ever-growing reputation in the watch industry. In 1943, the company took a decision that would prove crucial to its future by registering its brand name. Piaget is also a style: a marriage of gold and an explosion of colour, new shapes, precious gems, and dials made of hard stones, paving the way for new colours and unique aesthetics. Building on more than 140 years of history, the ever-bold brand innovates by offering jewels in motion, extravagant high jewellery collections as well as exceptional luxury watches – making it one of the world's most prestigious watchmaker-jewellers. Two of the most iconic collections include the Piaget Polo, first developed in the 1970s and inspired by the world of polo and the Piaget Altiplano which held the record of the thinnest mechanical watch on the market at the time in the Altiplano 900P, standing at just 3.65mm high. At Watches and Wonders 2022, the brand released the Altiplano Ultimate Concept, Piaget Polo Skeleton and Piaget Polo Date to much applause, offering both everyday pieces and outstanding horological feats.

DOXA

Founded in 1889, DOXA, the Greek word for 'glory', is more recently known for its superlative dive watches that the brand began making in the second half of the 20th century. In its current iteration the brand designs brightly coloured watches with a serious and profound diving history having discovered that orange is the last colour on the spectrum that is visible underwater, therefore aiding visibility. Located in Biel/Bienne in the heart of the birthplace of Swiss watchmaking, the brand is renowned for creating one of the first professional-spec dive watches available for the wider public since the 1960s, the DOXA SUB. We are proud to house DOXA within the UK and US along with a presence online. We included the brand in our 'Divers' themed campaign and have seen a great response across all of our marketing channels, from social media to newsletters and Calibre. We were also privileged to interview their CEO, Jan Edöcs on our Calibre podcast. In the US we utilised the Watches of Switzerland Airstream to host a series of mobile retail-unit experiences, which saw us host a 100-person private event as the exclusive and only timepiece retail partner of DOXA for the continent of the US. VIP guests included designer Cynthia Rowley and Dave Guy of the Roots. In April 2022 we were proud to launch the limited DOXA Army Watches of Switzerland Edition, 42.5mm in ceramic.

Bremont

Bremont is an award-winning British luxury watch brand, manufacturing mechanical watches in Henley-on-Thames, England. Bremont is making considerable investment with its UK watch making and manufacturing and in 2021 opened The Bremont Manufacturing & Technology Centre, a new state-of-the-art 35,000 sq ft purpose-built mechanical watch manufacturing centre enabling the full machining and manufacturing of Bremont's watches. Co-founded by brothers Nick & Giles English in 2002, Bremont has made a substantial impact on the watchmaking industry in a very short period of time. The brand remains true to its original principles of aviation and military, British engineering and adventure. As well as manufacturing watches for some of the most exclusive military squadrons around the world, Bremont continues to play an influential role in revitalising the British watch industry, the birthplace of numerous timekeeping innovations still used today. All Bremont watches are ISO chronometer rated, and are built with considerable care in the UK, including the new Bremont ENG300 movement series which launched in October 2021 and presents the first-time that mechanical movements have been built at scale in over 50 years in this country. Bremont watches are immensely precise, reliable, and durable and all are hand assembled in limited numbers making them hugely desirable for any collector. We enjoy a fantastic partnership with Bremont, and we regularly feature them in our marketing communications.

Oris

Swiss brand Oris was first founded in 1904 and was named after a nearby brook in the town of Hölstein. Oris makes watches for people who are passionate about mechanical movements and who look for genuine and contemporary values with great designs. As they are an independent company, they are free to be innovative and often push boundaries and be reactive to explore functions and features that may be in demand within the world of horology. Lately, they have been making waves with their in-house five-day power reserve movements. Some of their key pieces are the Big Crown Pro Pilot, one of the first automatic watches with a built-in Altimeter, and in 2022 they released the new ProPilot X Calibre 400 at the watch fair Watches and Wonders. Sustainability is something the brand is hugely passionate about. The first ever Oris Sustainability Report was launched in 2022 and was the result of a three-year project to amp up their mission to bring Change for the Better, which has already seen Oris become a climate-neutral company and begin to reduce dramatically their carbon footprint.

Rado

Rado, a globally recognised Swiss watch brand that traces its roots to 1917, is singular in its design, innovation, and use of revolutionary materials. Ever since its beginnings in Lengnau, Switzerland, Rado has proudly flaunted a pioneering spirit, consistently fulfilling its hallmark philosophy: 'if we can imagine it, we can make it'. Only the finest materials and tech comprise Rado watches. As horology specialists, Rado know that hardness and scratch-resistance alone are not enough in selecting fabrics: durability and wearer comfort are equally as important. That's why any Rado timepiece that you invest in will not fail to deliver strong, enduring comfort and efficiency. After more than 100 years of watchmaking, iconic style and substance remain the key principles of the brand – and Rado continues to showcase its mastery by creating watches with immense visual, practical, and popular appeal. Nothing can prevent Rado from achieving its mission to discover, invent and innovate new ways to create premium watches. We mean it when we say that Rado is 'the master of materials.' We are proud to have partnered with Rado on several first-to-market exclusives, and for 2022, we are working with them again to promote a first-to-market Captain Cook Chrono timepiece. For the first time as a chronograph, the explorer favourite makes a brilliant return, in updated, exquisite proportions thanks to a unique, slimmer automatic movement, quite a rarity in the field. The Captain Cook Chrono watch is available both in our showrooms and online.

Tissot

Tissot was founded in 1853 in the small town of Le Locle, nested in the Swiss Jura Mountains. Tissot is the largest traditional Swiss watch brand based on volume and is represented in an impressive 160 countries across five continents but has never forgotten its roots. Innovators by traditions, Swiss heritage is at the heart of Tissot and is what gives the brand its reputation. The plus sign in the logo symbolises the Swiss quality and reliability Tissot has shown since 1853. The watches are authentic, accessible and use special materials, advanced functionalities, and meticulous design. Tissot stands by its signature, 'Innovators by Tradition'. The high calibre of the brand has been repeatedly recognised. After successfully designing and integrating some of the world's most advanced timekeeping systems, Tissot has been asked to serve as Official Timekeeper and partner for many of the world's preeminent sporting events, associations, and federations: the Tour de France, the Giro d'Italia, La Vuelta, the NBA, MotoGP, the FIM World Superbike World Championship, TOP 14 and European Champions and Challenge Cups. Additionally, Tissot has partnerships with the International Ice Hockey Federation and more. We are proud to stock Tissot in a multitude of our showrooms and online. We were first to market with the Tissot T-Sport Seastar 1000 chronograph 45.5mm men's watch.

LUXURY JEWELLERY

Mappin & Webb

Since its founding in 1775, Mappin & Webb has harnessed a rich and storied history within the watch and jewellery industry. Today, over 240 years later, the brand has continued to embrace tradition with contemporary design, becoming a British treasure built upon the foundations of excellence, superior quality, and exquisite craftsmanship. This historical significance and excellence in the craftsmanship of jewellery, silverware, watches, and glassware has led Mappin & Webb to be holder of Royal Warrants to British Monarchs since 1897. In April 2022, this honour was granted for a further five years.

At Mappin & Webb, our clients will discover elegant fine jewellery collections that take inspiration from our unique archive, reimagined with a modern-day interpretation that embraces the original design. Our Amelia collection, named after the beautiful English Amelia Rose, is a timeless celebration of romance and femininity. Shaped engagement rings featuring emerald, pear, and oval cut stones are simply exquisite and the diamond halo jewellery creates a dramatic presentation to the centre stone. Masquerade is a collection of beautifully crafted cluster styles bursting with light and the collection continues to be one of our more popular suites with new contemporary styles added for FY22.

At Mappin & Webb, we pride ourselves in crafting scintillating gemstones set within thoughtful and exquisite designs that encapsulate a rich and inspiring British heritage.

Goldsmiths

Goldsmiths has become one of the UK's leading watch and jewellery retailers, with over 55 showrooms nationwide. As part of Goldsmiths continual evolution and investment in creating a memorable client experience, the roll out of a new luxury showroom concept began in Autumn 2021, with an enhanced digital experience, visual merchandising and product displays. As Goldsmiths elevates its brand position, the brand further enhances its vision and values to ensure that the delivery of an exceptional client experience is at the heart of everything we do.

At Goldsmiths, our clients will discover a wide choice of diamond jewellery including beautiful wedding and engagement rings to suit all bridal styles. From the classic round brilliant cut to the more contemporary cuts such as ovals and pear. Our exclusive partnership with Jenny Packham Bridal Jewellery presents stunning diamond bridal jewellery inspired by romantic destinations, and our exclusive Goldsmiths Brightest Diamond collection introduces one of the most brilliant cut diamonds in the world, with a remarkable 88 facets, creating maximum brilliance and an enviable scintillating sparkle.

MAYORS

For over a century, Mayors has been the leading multi-brand retailer in the Southeastern United States offering clients the world's finest jewellery and timepieces. Founded in 1910 by Samuel Mayor Getz, his vision was to bring the world's finest jewellery under one roof and over a century later, he brought his vision to life. At Mayors you will find uncompromising quality, inspiring beauty and impeccable craftsmanship with curated offerings for every occasion.

Mayors recently embarked on a multi-branded jewellery campaign serving as the first of its kind for the industry. The imagery captures Mayors' own in-house collection of covetable, best-selling fine jewellery silhouettes and brand partners including GUCCI, MIKIMOTO and Uneek styled effortlessly to create a fresh and modern look. The campaign featuring model Juana Burga, appeared across a range of platforms – in-store, online, out of home and in social media, as well as through advertising in select top-tier media titles like Town and Country and WWD – which enabled Mayors to increase visibility across multiple channels.

At Mayors, our clients will discover a range of diamond and fine jewellery including engagement rings, anniversary bands and core classic pieces like the diamond tennis necklace and flex bracelet collections designed to be worn in the 'Always On' fashion we promote.

Betteridge

Betteridge beginnings can be traced in the jewellery industry back to the 18th century in Birmingham, England, where the Betteridge name was synonymous with fine jewellery design and silversmithing.

A.E. Betteridge Jr. opened the first Betteridge Jewellers in the early 20th century with some assistance from his father. The first showrooms were built on two of the most esteemed retail locales in the world: Fifth Ave & 45th Street, and Wall Street & Broadway in New York City. Betteridge also had a boutique in the Miami Biltmore Hotel in Coral Gables.

With the advent of modern suburbia beginning to take shape outside of New York City in the 1950s, Bert seized the opportunity to invest in the rural future of retail, purchasing W.D. Webb Jewellers and moving the Betteridge headquarters to Greenwich, Connecticut. Recently, the Betteridge flagship showroom moved down 'the Avenue' from 117 to 239. The new building is one of the crown jewels of Greenwich Avenue with over three times the space of the old showroom. It showcases elegant in-store boutique areas for marquee brands, including Rolex, Cartier and Patek Philippe, as well as a dedicated Betteridge club space complete with a bar area for clients to relax and socialise.

Betteridge joined the Vail community in 2004 by acquiring Gotthelf's, a well-respected jewellery business that had been a fixture in the Vail Valley for over 25 years. Today, the showroom offers one of the finest collections of watches, designer jewellery, and exquisite estate pieces in all of Colorado.

In 2014, Betteridge acquired Hochfield Jewellers at the base of Aspen Mountain, nestled inside The Little Nell Hotel. Hochfield was a beloved jeweller in the community for over 23 years. We are proud to be associated with such a distinguished location and extraordinary family business.

Betteridge is renowned for offering the best designs by the most fabled jewellers. It's an open secret, however, that many of the brand's most desired pieces are its own, built in Greenwich, Connecticut by master craftsmen.

FOPE

FOPE has been based in Vicenza since 1929 when Umberto Cazzola, a goldsmith, opened his workshop in the city. It was the economic boom of the 1960s that allowed Umberto's son Odino to expand; investing in modern technologies that saw the development of an innovative flexible metal strap, which was the precursor to its now-iconic Flex'it and was popular among Swiss watch brands. It is this strap – the Novecento mesh, launched in 1985 and supplied to Swiss watch brands – that gave the company its first name, the rather catchy initialism FICM (Italian Factory Metal Strap in English). The boom in the jewellery side of the business led to a change of name in the late 1960s from FICM to Factory of Jewellery Precious Export. Luckily this time the acronym was deemed better and FOPE was born.

By the year 2000, FOPE has become successful enough to open its global headquarters in the heart of Vicenza where the brand continues to blend traditional Italian jewellery-making craftsmanship with cutting-edge technology.

FOPE updated, patented, and renamed its Novecento mesh Flex'it system in 2007. This new and improved mesh was rendered fully flexible due to the tiny gold springs discretely hidden between each 18ct gold link. Ten years after the launch of the first Flex'it collection, LadyFope was introduced – a collection of quartz watches that embraced the Flex'it system with a Flex'it bracelet.

FOPE has now been crafting beautiful jewellery for over 90 years. The brand's classic yet contemporary collections harness a quintessentially Italian form of elegance, style and sophistication, with cross-generational appeal. From the patented flexible gold bracelets that are decadent as well as comfortable, to the twisted white gold rings, each piece is a touch of luxury you can wear every day.

We are proud to have partnered with FOPE for many years, stocking the brand's elegant collections in both the UK and US. We are privileged to have also exclusively hosted pieces from the stunning Eka and Prima collections. In November 2019 we opened the UK's first FOPE boutique on Old Bond Street, London.

BVLGARI

Glamorous, opulent, and feminine, BVLGARI is an Italian jewellery brand like no other. Founded in Rome in 1884 by Greek silversmith Sotirio Bvlgari, the brand quickly cemented a reputation for excellence with its skilled craftsmanship and impressive jewellery creations. As the decades passed, the brand developed a distinctive signature style, which embraced vibrant colours and inimitable motifs and also paid tribute to its Roman heritage.

Through the decades BVLGARI continued to embrace its cultural legacy while rewriting the rules, launching new trends, and standout contemporary pieces that have become jewellery icons. Not shy of daring colours and eclectic flair, BVLGARI has a history of creating spectacular jewellery resplendent with kaleidoscopic gob- stopper jewels.

Fast forward to today and BVLGARI continues to make waves with the iconic Serpenti Watch collection, which takes jewellery watches to a whole new level – designing a piece that could easily be worn every day but also bejewelled enough for a night on the town. Still retaining a decorative and bold aesthetic, BVLGARI's creations deliver a seductive combination of Roman heritage, beauty, and wearability for both men and women.

Also, from a technical perspective BVLGARI has achieved unequalled success in the production of thin watches in the Gerald Genta inspired Octo collection. Eight world records in eight years including the thinnest tourbillon, thinnest minute repeater the thinnest perpetual calendar which won the Aiguille D'or price in 2021 at the GPHG culminated in the 2022 Octo Finissimo Ultra, the thinnest mechanical watch in the world at 1.8mm.

At the Watches of Switzerland Group, we are proud to have partnered with BVLGARI for over two decades. In 2021, we opened our first BVLGARI mono-brand boutique in Aventura Mall, Aventura, Florida and in the UK we retail BVLGARI watches in Watches of Switzerland Broadgate, Regent St and soon to be Battersea showroom.

Roberto Coin

Roberto Coin's jewellery is unlike anything else. It is imaginative, artistic, and evokes the Italy of La Dolce Vita. The brand was founded in 1996, when Roberto Coin, a successful hotelier at the time, decided to pursue his true passions of art and fashion. Leaving hotels behind, he decided to set up a jewellery brand.

Located in the heart of Vicenza, otherwise known as the City of Gold because of the proliferation of goldsmiths, Roberto Coin jewellery champions traditional values of Italian artisanship, with Coin's immense creativity and his love of fashion and the arts being channelled throughout every piece. The marriage of skilled artisans and Roberto Coin's romantic vision and creativity has resulted in jewellery pieces that resemble works of art.

Roberto Coin jewellery embraces its founder's journey through a variety of cultures and multi-ethnic influences, as well as personal experiences and the natural world. Each is delicately handcrafted and features a trademark ruby, always cast inside the jewel so it comes into contact with the skin. Whether it is a simple gold chain or a decadent diamond-encrusted flower pendant, every piece of Roberto Coin jewellery is timeless, beautiful, and quintessentially Italian.

We have enjoyed a partnership with Roberto Coin for 13 years, during which time we have exclusively hosted pieces from the stunning Princess Flower collection. Roberto Coin jewellery features throughout our showrooms in both the UK and US.

Messika

Driven by a desire to create diamond fashion jewellery of unwavering beauty, Valérie Messika created her own Maison in 2005. In her work, she reinvents the richly symbolic and meaningful stone into a desirable and disruptive object that lends self-confidence to anyone who wears it. Valérie constantly innovates to realise this vision, creating new designs and new techniques. She is a jewellery designer, of course, but above all, she is a trend-setter and brings a liberating breath of fresh air to the industry. With Move, the three mobile diamonds quickly became an 'it-jewel', perfect for everyday wear – its unique design and infinite interpretations are now part of jewellery history. Messika revolutionised the way we wear and think about diamonds, the stone comes alive and is never boring. Liberty of movement is key, but so are liberty of style and technique. Valérie Messika shrugs off traditional jewellery design, adding her own unique, fashion-oriented twist to speak to all women and personalities. We have proudly partnered with Messika for six years, stocking the elegant and feminine designs within the UK and US where the Messika vision is embraced throughout the brand's jewellery collections.

Jenny Packham

There is an air of old-school Hollywood glamour about one of Jenny Packham's gowns. The British fashion designer has become a red-carpet favourite, her unabashedly feminine designs having been worn by the likes of Angelina Jolie, Kate Winslet, and of course, Catherine, The Duchess of Cambridge. Jenny Packham has now channelled her glamorous aesthetic into an exclusive bridal jewellery collection in collaboration with Goldsmiths.

The collection is based around bridal jewellery suites and inspired by romance in all its forms, from beautiful locations, such as Paris and Portofino, to Jenny Packham's own bridal dresses. Using the most romantic of stones, the diamond, Jenny Packham has created a variety of designs that speak to the modern woman. Intricately designed, classic-cut stones are crafted into eternity rings, wedding ring sets and bridal jewellery suites with delicate detailing and a scintillating sparkle.

Offering fine jewellery pieces for the bride-to-be or simply a lover of fine jewellery, Jenny Packham is a fine choice.

We are proud to exclusively house the Jenny Packham diamond jewellery collection at Goldsmiths, where it has been resident for the last six years and available in over 30 showrooms. Our exclusive collaboration with Jenny Packham presents a range of desirable and showstopping bridal pieces that are perfect for the big day, as well as every day.

Gucci

One of the world's most acclaimed fashion houses, GUCCI represents Italian craftsmanship at its best. Founded in 1921, GUCCI has been a major player in the luxury world for over 100 years. Embracing an eclectic, contemporary and romantic style, GUCCI jewellery redefines luxury for the 21st century with an influential and innovative approach.

Inspired by the deep-rooted romantic history of the original fashion house as well as by the design language of its creative directors, GUCCI jewellery has changed over the years from the logo-centric vision of the 1990s with the interlocking G's and Horsebit designs to the more romantic designs championed by current Creative Director, Alessandro Michele. However, all these designs sit together beautifully in the GUCCI universe, meaning that whether it's the perfect pair of earrings, an elegant bracelet, breath-taking necklace or statement ring, there is something to suit all personalities and tastes.

GUCCI jewellery continues to go from strength to strength, exploring modern romance and symbols of love in its Link to Love collection, and redefining house codes through its fine-jewellery collection with the likes of its yellow and white gold rings set with precious gemstones.

We are proud to have partnered with GUCCI jewellery for many years, showcasing the brand's finest pieces throughout our showrooms in the UK and US and exclusively housing pieces from the brand's Heart collection.

Mikimoto

MIKIMOTO was founded upon a dream by Kokichi Mikimoto "to adorn the necks of women around the world with pearls." Kokichi's passion was pearls, and he was fondly known as the Pearl King. It was in 1893 that he was successful in creating the world's first cultured pearls, and subsequently MIKIMOTO cemented itself in the history books. The brand has continued to produce exquisite pearls set in daring jewellery creations ever since.

The house of MIKIMOTO is built on a love for these pure and lustrous gems of the sea and a desire to showcase them in surprising and unusual ways. As the leading producer of the finest quality cultured pearls, MIKIMOTO has become synonymous with superior quality and immeasurable beauty. Each stunning piece of jewellery illustrates the skilled craftsmanship and attention to detail that has gone into creating each piece as well as the sophisticated, modern design language spoken by the brand.

MIKIMOTO personifies excellence with the finest cultured pearls in the world. To own a piece of MIKIMOTO jewellery is nothing short of a luxurious pleasure.

We have had the pleasure of partnering with MIKIMOTO for 18 years, showcasing the brand's lustrous pearl creations throughout our showrooms in both the UK and US.

Birks

The story of Birks began four centuries ago when the Birks family were master silversmiths in Sheffield, England. Though the brand's roots lie deep in English craftsmanship, it truly came to life when Henry Birks opened a boutique in the heart of Montreal in 1879. His lifelong dream became a reality and grew into a magnificent fine jewellery legacy that is still thriving today. Inspired by a land with astounding natural beauty and unique joie de vivre, Birks became a treasured part of Canadian heritage. With incomparable quality and fine craftsmanship, Birks acquired a lasting place in the hearts of Canadians and is now an iconic Canadian brand that is cherished and distributed internationally. As Canada's leading designer of fine jewellery, timepieces and gifts, their iconic blue box has proudly been part of Canadians' lives since 1879. Passed down from generation to generation, Birks continues to share in Canadians' heartfelt moments and treasured stories.

We have had the pleasure of partnering with Birks for several years, showcasing the brand's collections throughout our showrooms in both the UK and US.

A MULTI- CHANNEL NETWORK

Our showrooms are located in prominent, high-profile shopping areas within the UK and US and feature a spacious, contemporary, inviting, welcoming, high-end luxury feel, further enhancing the prestigious brands which they showcase. Our estate includes multi-brand showrooms and mono-brand boutiques in both the UK and the US, supported by a leading-edge ecommerce platform.

In the UK, the portfolio covers the breadth of the market, with representation in most major cities nationwide. In the US, the Group is primarily represented in Florida and Georgia with Mayors showrooms and in Las Vegas, New York and Boston with Watches of Switzerland showrooms.

In late 2020, we entered new markets with our mono-brand boutique format, including Santa Clara, California; King of Prussia, Pennsylvania; and Nashville, Tennessee. In 2021 Watches of Switzerland expanded further with new showrooms in Plano, Texas; Minneapolis, Minnesota; Cincinnati, Ohio. In the same year, we also acquired three Betteridge showrooms.

"What differentiates us is what we sell and how we sell it. We provide an exceptional experience to our clients through our showrooms, which are modern, inviting, and luxurious and staffed by our highly trained, expert colleagues."

BRIAN DUFFY
CEO

MULTI-BRAND FLAGSHIPS

Located in the most prestigious locations, flagship showrooms typically feature a more extensive product offering in a larger footprint relative to other showrooms in the portfolio, as well as dedicated spaces to host special client events. In the UK, this channel is represented by the 'Golden Triangle' Watches of Switzerland showrooms in central London; Regent Street, Oxford Street and Knightsbridge and in regional locations with Goldsmiths in Meadowhall, Sheffield, Trafford Centre, Manchester and Bullring in Birmingham.

In the US, there are two Watches of Switzerland flagship showrooms located in New York; Soho and Hudson Yards, and one in the Wynn Resort in Las Vegas as well as three Mayors flagship showrooms in the Aventura Mall in Florida, Lenox Square in Atlanta and Dadeland Mall in Miami.

US

Showrooms in our US portfolio are predominantly shopped by the domestic client. The Mayors network is located in Florida and Georgia, with an ongoing showroom elevation programme. We operate two Watches of Switzerland flagship showrooms in New York, a market with similar demographics to London but with less investment and higher fragmentation. We are also present in the highly lucrative Las Vegas market with showrooms located within the Wynn Resort, including a multi-brand showroom and Rolex, OMEGA and Breitling mono-brand boutiques. Watches of Switzerland expanded in 2021 with new showrooms in Texas, Minnesota and Ohio. We also acquired three Betteridge showrooms in Aspen and Vail, Colorado and Greenwich Connecticut.

UK REGIONAL

Outside London, a well-situated network of premium regional showrooms in the UK provides scale and national coverage and caters to a more local, domestic client base. Multi-brand showrooms across all three brands (Watches of Switzerland, Mappin & Webb, Goldsmiths) are located in high profile, prominent locations, primarily shopping centres, in cities such as Manchester, Birmingham and Liverpool. 2021 saw the launch of a new luxury Goldsmiths concept to elevate the brand and provide exceptional client experience.

MONO-BRAND BOUTIQUES

The mono-brand boutique format allows for a more tailored and brand-specific environment and has contributed to further strengthening and enhancing our brand partnerships. The Watches of Switzerland Group operates mono-brand boutiques on behalf of Rolex, OMEGA, TAG Heuer, Breitling and TUDOR in both the UK and the US, FOPE in the UK and Audemars Piguet, Grand Seiko and BVLGARI in the US.

In FY22, we opened 16 mono-brand boutiques across the US and UK. As at 1 May 2022, we operated a global network of 55 mono-brand boutiques, including 38 in the UK and 17 in the US.

TRAVEL RETAIL

Travel retail provides high visibility in a prominent setting to a discerning international client base. The Group maintains a strong presence in Heathrow Airport in Terminals 2, 3, 4 and 5 with Watches of Switzerland showrooms and Rolex mono-brand boutiques and is present in Gatwick North Terminal with a Watches of Switzerland showroom.

ECOMMERCE

Through our seven transactional websites across the UK and the US, we have established an industry-leading ecommerce platform, a key component of our multi-channel strategy. We continue to invest in enhancing the sites and improving the client experience, through initiatives such as next day delivery, the 'By Personal Appointment' booking service, both in-showroom and virtual, and the Luxury Watch and Jewellery Virtual Boutique. The ecommerce platform is built on SAP Commerce, which offers the benefit of a common ERP and ecommerce technology vendor.

OUR SHOWROOMS

A WELL-INVESTED PORTFOLIO

Our multi-channel leadership has been established through a network which includes multi-brand showrooms, a presence in travel retail, a strong online platform, and a growing portfolio of mono-brand boutiques in partnership with Rolex, Audemars Piguet, OMEGA, TAG Heuer, Breitling, TUDOR, Grand Seiko, BVLGARI and FOPE. Our well-invested portfolio consists of 131 showrooms in the UK and 40 showrooms in the US.

Watches of Switzerland

Watches of Switzerland is a globally recognised modern, leading retailer of the most prestigious luxury watch brands in the world including Rolex, Patek Philippe, Audemars Piguet, OMEGA, Cartier, TAG Heuer, Breitling, TUDOR, Blancpain, Vacheron Constantin, Panerai, IWC, Jaeger-LeCoultre, Piaget, Hublot, Zenith, Breguet, Bovet and Grand Seiko.

Founded in 1924, Watches of Switzerland has been retailing the world's finest watches for over 90 years. The Company began trading as a mail-order business under the name G & M Lane on Ludgate Hill, and now has showrooms in leading retail destinations across the UK, in London, Manchester, Glasgow, Birmingham, Brighton and Cardiff as well as presence in both Heathrow and Gatwick Airport. In 2018 Watches of Switzerland went international and now has seven showrooms spanning six states including New York, Nevada, Massachusetts, Texas, Minnesota and Ohio.

Watches of Switzerland has an online presence in both the UK (watches-of-switzerland.co.uk) and the US (watchesofswitzerland.com). In addition, there is also an online presence with Analog:Shift, our vintage and pre-owned specialist (analogshift.com).

Mappin & Webb

2016 saw the relaunch of Mappin & Webb and since then, the brand has been transformed into a luxury watch and jewellery retailer with showrooms in key locations such as Manchester, Glasgow, Gleneagles Hotel, London and a large showroom on Regent Street. Mappin & Webb is the destination for Rolex, Patek Philippe, OMEGA, Cartier, Jaeger-LeCoultre and Breitling.

Granted a Royal Warrant by Her Majesty Queen Victoria in 1897, the Company has held a Royal Warrant to each succeeding monarch and currently holds appointments as 'Jewellers, Goldsmiths and Silversmiths' to Her Majesty the Queen and 'Silversmiths' to His Royal Highness The Prince of Wales.

In 2012, Mappin & Webb's master craftsman was appointed Crown Jeweller, custodian of the Crown Jewels of Her Majesty the Queen, the greatest honour that can be bestowed upon a jeweller. In 2017, another Mappin & Webb master craftsman was appointed to the position and continues to hold this position.

Mappin & Webb also has a well-established online presence and ecommerce platform with mappinandwebb.com.

Goldsmiths

Goldsmiths is the UK destination for luxury watches such as Rolex, OMEGA, Cartier, TAG Heuer, Breitling, and TUDOR in key cities including Newcastle, (where the Goldsmiths brand began in 1778), Manchester, Sheffield, Birmingham, Liverpool and Glasgow. The luxury watch offering is also complemented by luxury jewellery which includes brands such as FOPE, Messika, GUCCI, Jenny Packham and Mappin & Webb.

In 1919, Goldsmiths was appointed as a Rolex agency and 2019 saw the centenary celebrations of the partnership between the Watches of Switzerland Group and Rolex.

The Goldsmiths brand has been transformed over the last seven years and in 2021 a new luxury showroom concept was rolled out across seven showrooms including Leicester, Reading and Braehead. The new concept elevates the Goldsmiths brand to a new luxury level and transforms the client experience. The concept will continue to be rolled out across the portfolio in 2022.

Goldsmiths also trades successfully online with goldsmiths.co.uk.

Mayors

Mayors is one of the most recognised luxury watch and jewellery retailers in the US, operating in Florida and Georgia with a portfolio of showrooms.

Mayors offers a prestigious collection of brands such as Rolex, OMEGA, Cartier, IWC, TAG Heuer, Jaeger-LeCoultre, Mikimoto, BVLGARI, Messika and Roberto Coin, as well as Mayors' own collections of bridal, diamond and gold jewellery.

The brand is steeped in a rich heritage, founded by Irving Mayor Getz in 1910 in Cincinnati, Ohio. In 1937, he opened the first Mayors store in the heart of downtown Miami's business district. When Irving passed away, his son Samuel assumed control and developed Mayors' reputation as one of the nation's finest watch and jewellery retailers – a provider of outstanding client service.

Mayors operates a transactional website, mayors.com. Mayors was acquired by the Watches of Switzerland Group in 2017.

Betteridge

Family owned and operated since 1897, Betteridge represents five generations of American-made fine jewellery. Founded in New York City in the early twentieth century, Betteridge has been making custom jewellery in American workshops, using local craftsmen ever since.

After nearly 125 years in the watch and jewellery business, Betteridge showrooms in Greenwich, Vail and Aspen were acquired by the Watches of Switzerland Group. The Betteridge acquisition, combined with existing Watches of Switzerland and Mayors showrooms, gives the Watches of Switzerland Group a market-leading position in the US, with a strategic retail foothold in the Northeast and Mountain regions and operations in two new states.

The Betteridge, Greenwich, Connecticut location has become the largest physical showroom in the Group's North American portfolio. Each of the three locations offer exceptional opportunities for expanded growth with Rolex, Patek Philippe and other global luxury watch brands as well as leading jewellery brands including CHANEL, Buccellati, Verdura, and Marco Bicego. In addition, there is a valuable influx of existing watch and jewellery clientele.

The Betteridge website is currently being revamped and will launch in Autumn 2022.

Mono-Brand Boutiques

The Watches of Switzerland Group is very proud to have been selected to operate single brand boutiques on behalf of some of the most important brand partners. These mono-brand boutiques give the opportunity to showcase the timepieces in a more tailored, brand-centric environment within purpose-designed settings. This enables the ethos and culture of each individual brand to be more thoroughly demonstrated than is often possible in a multi-brand showroom environment.

The Watches of Switzerland Group operates mono-brand boutiques on behalf of Rolex, OMEGA, TAG Heuer, Breitling and TUDOR in both the UK and the US, FOPE in the UK and Audemars Piguet, Grand Seiko and BVLGARI in the US.

HOW THE GROUP CREATES VALUE

OUR PURPOSE

To WOW our clients while caring for our colleagues, our communities and our planet.

WHAT WE DO

We partner with the most prestigious luxury watch and jewellery brands to provide the highest level of client service by well-trained, expert colleagues in modern, luxurious and welcoming showroom environments and state-of-the-art online sites. This is all supported by leading-edge technology and bold, impactful marketing.

The Group operates in the UK, US and has announced further expansion into the European market.

INPUTS

BRAND PARTNERSHIPS

COLLEAGUES

CLIENTS

SHOWROOMS

TECHNOLOGY AND DIGITAL CAPABILITIES

HOW WE CREATE VALUE

BRAND PARTNERSHIPS

We collaborate with our brand partners to elevate and expand their distribution and partner on demand forecasting, product launches, showroom projects, online, clienteling, marketing and learning and development for our colleagues. Please see page 84 for further details.

SHOWROOM ENVIRONMENT

Our well-invested showrooms are luxurious, open, welcoming, contemporary, spacious, non-intimidating and browsable. The design concept is regularly assessed in order to ensure we continue to appeal to a broad client demographic and drive high levels of productivity across our estate.

CLIENT EXPERIENCE

Our showroom colleagues provide expertise and knowledge to ensure an exceptional client experience through extensive learning and development.

During the year we launched our industry leading Xenia Client Experience Programme. Please see pages 86 and 87 for further details.

MARKETING

We deliver impactful marketing focused on digital communications, CRM, PR, client experiences and co-operative activity with brand partners. Our editorial content across watches and jewellery provides an authoritative voice within our market. Please see pages 88 to 89 for further details.

MULTI-CHANNEL

Our multi-channel model spans a well-invested showroom network, with flagships, regional showrooms, travel retail and mono-brand boutiques complemented by market-leading ecommerce platforms. The Group has a truly multi-channel approach, which includes click & collect, and an in-person or virtual appointment system.

In FY22 we launched our Luxury Watch and Jewellery Virtual Boutique, a team of fully trained sales professionals who provide the full range of client service through our ecommerce channel.

OPERATIONAL EXCELLENCE

Technology: Our leading-edge IT systems are based on a single SAP platform powering showroom point of sale, CRM, reporting solutions, live inventory availability and operations. This single platform enables rapid expansion capabilities in new markets or through acquisitions.

Merchandising: Dynamic inventory management optimises stock availability, enhances showroom productivity and in the UK, allows for nationwide coverage, giving us a key competitive advantage.

Retail operations: We aim to continually drive productivity and profitability, with a high level of accountability and performance management.

VALUE CREATED

SCALE

High barriers to entry created through national coverage in the UK with a portfolio of 131 showrooms and a growing and significant presence in the US with 40 showrooms (as at 1 May 2022).

FINANCIAL DISCIPLINE

Financial performance: We run all our showrooms to be profitable, leveraging showroom and central overheads through top line growth with strict investment criteria on projects or acquisitions.

Cash generation: The strong, consistent generation of cash is fuelled by strict working capital management, with sufficient liquidity to fund growth and to provide for potential acquisition opportunities. We take a disciplined and data-led approach to capital allocation, aiming to deliver long term sustainable earnings growth whilst retaining financial capability to invest in our business and to execute our strategic priorities.

£1,238m
FY22 REVENUE

£130m
ADJUSTED EBIT[1]

27.4%
FY22 RETURN ON CAPITAL EMPLOYED[1]

£187m
CASH GENERATED FROM OPERATIONS

40
US SHOWROOMS

131
UK SHOWROOMS

171
TOTAL SHOWROOMS

COLLEAGUES

The Group invests in colleagues through significant training and development. During FY22 the Group gifted 50 free shares to all colleagues as a thank you for their continued dedication and also launched a share save scheme, allowing colleagues to share in the continued success of the business. The launch of our 'Workplace' communication platform will further enhance colleague collaboration and engagement.

2,400+
NUMBER OF COLLEAGUES

£4.5m
PAID TO THE WATCHES OF SWITZERLAND GROUP FOUNDATION

COMMUNITIES AND PLANET

During FY22, the Group launched The Watches of Switzerland Group Foundation which supports a number charities, with an emphasis on helping poor and vulnerable people out of poverty.

£4.5 million was paid to the Foundation in FY22, of which £1.5 million was accrued in FY21. Please see pages 130 to 133 for further details.

The Group has an ESG Committee, which ensures our ESG priorities are governed at the highest level of the business. Additionally, a highly experienced Head of ESG was recruited.

We support a more circular economy through our repairs and pre-owned businesses and have set targets in relation to our environmental impact. Please see pages 134 to 137 for further details.

1 This is an Alternative Performance Measure. Refer to the Glossary on pages 283 to 285 for definition and reconciliation to statutory measures where relevant.

"

"This has been a tremendous year for the Group, producing record sales and profits. It is particularly pleasing to have delivered this performance against such strong prior year comparatives, with the expertise and dedication of my colleagues proving invaluable.

We are undoubtedly operating in a growing segment, but it is our distinctive and proven business model, the strength of our brand partnerships, our international scale, our bold marketing campaigns and our dedication to client service which sets us apart. Taken together, these inherent strengths have seen us attract new consumers and continuously gain market share, strengthening our position as the destination for luxury watches and luxury jewellery."

BRIAN DUFFY
CEO

CHIEF EXECUTIVE OFFICER'S REVIEW
continued

Looking back on FY22, our teams did an outstanding job, delivering Group revenue of £1,238 million, +40% in constant currency and excluding FY21's 53rd week. Profitability was also strong with Adjusted EBIT[1] of £130 million, +68% on the prior year and Adjusted Profit Before Taxation of £127 million, +76%. We generated strong cash flow, a record level of Return on Capital Employed of 27.4% and closing net debt[1] of £14 million as at 1 May 2022 (2 May 2021: £44 million).

FY22 is the third year for the Watches of Switzerland Group reporting on the London Stock Exchange as a public listed company. All three years were impacted significantly by the pandemic through showroom closures, reduced traffic or supply disruption. Despite these challenges our Group delivered increased sales of +62% at a CAGR of +17% (in constant currency) between FY19 and FY22. Adjusted EBIT has grown by +152% over that same period. Our advanced technology, our multi-channel approach, our in-house resources and, more than anything, our team's motivation and creativity allowed the Group to respond positively to disruption and optimise our results for the benefit of our clients, brand partners and shareholders. During this time, we actively pursued investment opportunities for new showrooms, refurbishments, and acquisitions in addition to increased marketing, particularly digital, to support our growing business. The above sales CAGR was achieved despite the loss of international sales (tourist and airport) which represented 33% of sales in FY19 and 3% in FY22. Our performance, despite the disruption experienced during the pandemic, gives us confidence in the strength of the market and the resilience of our business model. We are well on our way to deliver against our Long Range Plan, shared with the Market in July 2021.

Our Group provides the largest selection of luxury watches covering a wide range of prices and consumer preferences, including the largest and best known brands alongside smaller independent brands. We stock confidently which provides our clients with a greater width and depth of availability. Our merchandising approach underpins our positive watch sales momentum in FY22.

Luxury jewellery also had an exceptional year, with sales +86%[2] on last year, reflecting a strong market, improved ranging and incremental growth from the Betteridge acquisition and the opening of our first BVLGARI mono-brand boutique in Miami, Florida.

This year saw the launch of our Xenia Client Experience Programme in all our showrooms. We see this as a market-leading programme, which will lift our interactions with our clients to new levels.

We were really pleased with the performance of ecommerce this year, with Group sales for FY22 +5%[2] on last year, when our showrooms were closed for approximately 26 weeks during the pandemic. On a two-year comparison basis, sales were up +128% on FY20. We have had great success with our Luxury Watch and Jewellery Virtual Boutique, which was launched during pandemic lockdowns and which we are expanding. The Luxury Virtual Boutique bridges the gap between online and showrooms, offering unparalleled client service in the industry under a truly multi-channel approach.

We have also commenced our journey of expansion into the European market, which begins with six mono-brand boutiques in Stockholm, Copenhagen, and Dublin in FY23.

I am also proud of the progress we are making on ESG. Our ESG Committee was established in the year and we have made great strides in developing our strategy, targets and commitments. Additionally, The Watches of Switzerland Group Foundation was also launched, the aim of which is to provide essential support to charities located in the communities within which we operate, focusing on poverty, the advancement of education and relief to those in need in both the UK and the US. The Foundation is managed by a Board of Trustees, the majority of whom are independent, which I personally chair, and the Group donated £4.5 million in the year (£1.5 million of which was accrued in FY21).

Looking ahead, our FY23 guidance issued on 18 May 2022 projects sales between +£1.45-£1.50 billion and Adjusted EBIT of £157-£169 million. Our projections assume no further lockdowns in the UK, the US and Switzerland, and only includes committed projects. We closed FY22 with net debt of £14 million and project we will have net cash of between £35-45 million by the end of FY23. This assumes capex of £70-£80 million, including new offices in the UK.

Finally, I am delighted to welcome our new CFO, Bill Floydd, who joined the Group in January 2022, bringing with him a wealth of financial and listed company experience. I look forward to working closely with him over the coming years. I would like to thank Anders Romberg for his help and support over the past seven years, we wish him every success for the future.

BRIAN DUFFY
CEO

1 Refer to the Glossary on pages 283 to 285 for definition and reconciliation to statutory measures.
2 Revenue growth metric presented on a constant currency basis excluding the FY21 53rd week.

UK AND EUROPE

The UK business bounced-back from the pandemic year strongly, with UK sales of £810 million +36%[1] on last year.

This sales performance was driven by strong demand across both luxury watches and luxury jewellery. Luxury watch sales were +33%[1] on last year and luxury jewellery sales were +71%[1], reflecting a strong post-pandemic consumer appetite for these products.

This was a busy year for showroom developments; we rolled-out our Goldsmiths Luxury concept to seven showrooms (Canterbury, Reading, Braehead, Brighton, Lincoln, Leeds White Rose and Leicester). The Goldsmiths Luxury design concept provides a modern, contemporary, browsable space with a focus on hospitality. We have seen positive results in terms of client feedback and significant sales uplifts from these showrooms following the renovations. The enhancement of our showroom network also extends to non-Rolex anchored showrooms where we have created a new design concept. A further seven showrooms will be converted to the Goldsmiths Luxury concept during FY23. The elevation of our showroom portfolio does not end with Goldsmiths, we are also developing our Watches of Switzerland and Mappin & Webb showrooms, with a number of projects planned.

We have continued to expand our mono-brand boutique footprint opening a further 12 mono-brand boutiques across the UK. Plymouth, a new city for us, showcased our first triple mono-brand boutique, with each brand standing side by side and sharing back of house facilities. The mono-brand boutique concept continues to allow us to provide a superior presentation of brands, which in turn increases our market share. We have a further ten mono-brand boutiques contracted for FY23.

We are excited to have relocated and upgraded our Mappin & Webb showroom in the historic town of Chester. During the year, we also refurbished a further five showrooms, including two of the ex-Fraser Hart stores and our Mappin & Webb showroom on Regent Street, London.

The next financial year will see the opening of our new Battersea showroom in the renovated old power station. As well as this Watches of Switzerland showroom, we are opening another four mono-brand boutiques including a Breitling boutique with a Breitling café, a first for the UK.

We ended the year with 93 multi-brand showrooms and 38 mono-brand boutiques in the UK.

"I am delighted with the success of our UK division throughout FY22. We positively delivered strong sales growth across both luxury watches and jewellery, and in turn we focused on the growth of our domestic client base. We continued the development of our digital first approach to marketing subsequently driving awareness, conversion and sales. Our enhanced showroom development programme across our network, with specific focus on mono-brand boutiques, new showrooms and the elevation of our Goldsmiths brand was all delivered successfully."

CRAIG BOLTON
PRESIDENT UK & EUROPE

1 Revenue growth metric presented on a constant currency basis excluding the FY21 53rd week.

Throughout the year, we continued our investment in performance marketing successfully executed across a combination of channels. In addition to the digital activity, we have supported activity with traditional media as well as giving our colleagues in showrooms clienteling guides to enable one-on-one reach out.

In FY22, our colleagues and clients were delighted to be able to host in-person events once again. Working with our brand partners this year's event series ranged from intimate, unique client experiences and dinners, through to showroom exhibitions and new launches, showing our appreciation to clients for their ongoing loyalty and encouraging clients back into our showrooms.

EUROPE

The team has been working hard on our entry into the European market. Six mono-brand boutique opportunities have been secured in Stockholm, Copenhagen and Dublin. Our first European opening took place in June 2022, with our Breitling mono-brand boutique in Stockholm, and the remainder are planned to open during FY23. Significant market research has been performed and we look to extend our mono-brand boutique model into other countries in the years that follow.

We have further built on our leadership position in the UK and are well positioned to continue to invest for further growth in this market alongside commencing our European journey.

US

US sales of £428 million were +48%[1] on last year. Luxury watch sales growth was +48%[1] on the prior year, this significant growth was very broad based with all brands performing excellently.

Luxury jewellery growth has also been impressive at +130%[1], boosted by the strong market, the relaunch of our luxury jewellery in our Mayors showrooms, the acquisition of Betteridge and the opening of a BVLGARI mono-brand boutique.

In September, October and December 2021, we successfully executed three acquisitions totalling five showrooms. These new showrooms in Minneapolis Minnesota, Plano Texas, Greenwich Connecticut, Vale and Aspen Colorado, extend our showroom estate into four new US states. These showrooms bring with them a very strong portfolio of luxury watch agencies and in the case of Betteridge, strong high value jewellery expertise (for more details on Betteridge and our approach to acquisitions refer to page 98). We are pleased with the performance of these showrooms and have welcomed new colleagues to the wider Watches of Switzerland family.

Following the year-end, we also completed the acquisition of one Rolex anchored multi-brand showroom in New Jersey on 22 June 2022.

There has been lots of development activity in the US, across multi-brand showrooms and the expansion of our mono-brand boutique networks. In March 2022, we opened our new Watches of Switzerland showroom in Kenwood Towne Centre, Cincinnati, Ohio. This marks our first showroom in Ohio, which also anchored by Rolex.

1 Revenue growth metric presented on a constant currency basis excluding the FY21 53rd week.

Refurbishment of our existing estate was a key priority in the year. Four showrooms were refurbished or expanded, which included our Rolex mono-brand boutique in the Wynn Resort, Las Vegas, Mayors Aventura in Miami, Florida, Mayors Millenia Mall in Orlando, Florida and Mayors Boca Raton, Florida. To date we have refurbished half of the Mayors estate acquired in 2017 and have been delighted by the performance of these showrooms post investment.

This was a year of firsts for US mono-brand boutiques, demonstrating our strong partnership with luxury watch and jewellery brands. We opened our first TUDOR boutique in the US at the Millenia Mall, Orlando and our first ever BVLGARI mono-brand boutique in Aventura, Miami. The boutique also includes one-of-a-kind high jewellery exclusive to this location. Following the success of the Grand Seiko 'pop-up' we had last year, this is now a permanent feature through a mono-brand new boutique in New York. We have also continued our strong relationship with Breitling, opening a mono-brand boutique in Short Hills, New Jersey. This boutique joins our portfolio of Breitling mono-brand boutiques in Nashville, Tennessee and San Jose, Philadelphia.

We ended the year with 23 multi-brand showrooms and 17 mono-brand boutiques in the US. We now operate in 14 states in the US.

We have an exciting pipeline of projects for FY23, including the opening of our flagship Watches of Switzerland showroom in American Dream, New Jersey.

"At the Watches of Switzerland Group, we continue with our multi-channel approach. The client ultimately decides their shopping preference. We are delighted to open our first BVLGARI and TUDOR mono-brand boutiques adjacent to our newly refurbished Mayors showrooms in Aventura and Orlando respectively. Our newly refurbished Rolex mono-brand boutique in the Wynn Resort, Las Vegas elevates our presence in Las Vegas even further."

DAVID HURLEY
PRESIDENT NORTH AMERICA & DEPUTY CEO

This showroom will be anchored by both Rolex and Cartier. Our Mayors refurbishment programme continues with a further three showrooms in Florida and we will continue to expand our mono-brand boutique network with a further nine boutiques.

Since our acquisition of Analog:Shift last year, our vintage and pre-owned proposition has gone from strength to strength. During the year, we rebranded Analog:Shift, extended showroom distribution, launched a new transactional website and invested in a new office space which includes hospitality for clients. We have also invested in pre-owned product and with the success of the dedicated Analog:Shift space in our Watches of Switzerland Soho showroom, introduced a similar concept to our newly refurbished Mayors at Millenia showroom and our newly acquired Watches of Switzerland showroom in Plano Texas. As we refurbish and expand our multi-brand showrooms, we will look to include Analog:Shift where we see market opportunity. Analog:Shift also helps support the circular economy through expanding the life of luxury watches. For more details on Analog:Shift refer to page 100.

The marketing focus for the year was on driving brand awareness with investment in performance marketing, social media, visual merchandising, events, private clienteling, traditional advertising and PR.

FY22 saw the launch of "Anytime. Anywhere.", a ground-breaking advertising campaign featuring eight leading brand partners including OMEGA, TAG Heuer, Breitling, Grand Seiko, MB&F and Ulysse Nardin.

The year also saw a return to in-person events providing exceptional client experiences such as invites to our customised "Anytime. Anywhere." Airstream which served as a multi-branded retail location throughout the summer at its residency in the Hamptons, New York, through to a partnership with Longines at the Hamptons Classic Horse Show. We also partnered with Rolex to create an off-site event celebrating the Spring release of the Rolex Novelty Collection.

In March 2022, we unveiled a limited-edition milestone watch with DOXA. James Lamdin, Director of Vintage and Pre-owned, worked with DOXA to create the special new Watches of Switzerland limited edition of the DOXA Army watch. Watches of Switzerland is the exclusive distributor for DOXA in the US.

We are generating strong results and believe there is a significant growth opportunity in the US, where we are well positioned to continue delivering on our ambition to become the clear market leader.

GROUP STRATEGY DELIVERING OUTSTANDING RESULTS

The Group delivered an outstanding sales and profit performance during FY22, while delivering against the strategic priorities laid out in our Long Range Plan to FY26, issued in July 2021.

In recognition of our commitment to ESG matters, we have now added to our strategic priorities a commitment to continue to advance our ESG agenda.

Within the framework of our seven strategic priorities, we made significant progress through elevated levels of investment and focus on further developing our client-centric business model.

1. GROW REVENUE, PROFIT AND RETURN ON CAPITAL EMPLOYED

Against a backdrop of more normalised trading patterns, with our showroom network being open throughout the year, we spent £41 million of expansionary capex to both further enhance and build out our showroom portfolio, in the UK and the US.

During the year, projects included:

UK

- Introduction of Goldsmiths Luxury concept in seven showrooms
- Relocation and upgrade of our Mappin & Webb showroom in Chester
- Further development of the showroom network with five refurbishments across the estate, including two of the ex-Fraser Hart stores and one new Goldsmiths showroom in Edinburgh St James
- Opening of 12 mono-brand boutiques in the UK

US

- Opening of our new Watches of Switzerland showroom in Cincinnati, Ohio. The showroom is anchored by Rolex and features prestigious luxury brands such as Cartier and TUDOR
- Refurbishment and expansion of Mayors Aventura
- Refurbishment of our Rolex mono-brand boutique at the Wynn Resort, Las Vegas
- Expansion of the US mono-brand boutique footprint with four new boutiques, including our first BVLGARI, TUDOR and Grand Seiko mono-brand boutiques

These showroom development projects were achieved while the Group continued to adhere to its strict capex payback metrics. Prior to entering into any lease agreement, we confirm brand support for the project.

The US online platforms for Watches of Switzerland and Mayors were upgraded and a new platform for Analog:Shift implemented. We continue to invest in growing our US online business.

US ACQUISITIONS

During the year, we purchased five showrooms through three separate acquisitions. These showrooms provide the Group entrance into four new states with locations in Plano (Dallas), Texas; Vail and Aspen, Colorado; Greenwich, Connecticut and Minneapolis, Minnesota. These showrooms come with an impressive portfolio of luxury watch brands. We have plans to expand and refurbish these showrooms over the next few years. The total consideration for these acquisitions was £48 million and had combined annual sales of c.US$100 million under their previous ownership.

Following the year-end, we completed the purchase of one Rolex anchored showroom in New Jersey on 22 June 2022.

FUTURE PIPELINE

We will continue to invest in our showroom portfolio in the UK and US and have an exciting pipeline of future projects, including:

- A new Watches of Switzerland showroom in Battersea, London, alongside mono-brand boutiques
- Opening of our new Watches of Switzerland flagship showroom in the American Dream complex, New Jersey
- Continued roll out of Goldsmiths Luxury with a further seven elevated showroom formats
- One further showroom to be refurbished in the Mayors network in Florida
- Expansion of the portfolio in the UK and US with a further 19 mono-brand boutiques

EUROPEAN EXPANSION

In our Long Range Plan, we discussed our strategy to enter into the European market. Significant progress has been made in our European entry and FY23 will see the following:

- Opening of three mono-brand boutiques in Stockholm, Sweden
- Two new mono-brand boutiques in Copenhagen, Denmark
- One mono-brand boutique in Dundrum Dublin, Republic of Ireland

2. *ENHANCE STRONG BRAND PARTNERSHIPS*

Our strong and long-standing relationships with the most recognised and prestigious luxury watch and jewellery brands have remained a point of distinction. These relationships have been forged over many years, but also include new relationships with exciting brands.

This year saw the first physically held Watches and Wonders event in Geneva, which was a fantastic opportunity to reconnect with the brands in person and view their exciting new products.

We continue to open new boutiques anchored by Rolex such as Watches of Switzerland Battersea and American Dream, New Jersey, which are due to open in FY23.

We have also expanded our mono-brand boutique network, with the support of brand partners, which includes the entry into the European market in FY23. We now have mono-brand boutique relationships with Rolex, Audemars Piguet, OMEGA, TAG Heuer, Breitling, TUDOR, Grand Seiko, BVLGARI and FOPE.

This year saw us further develop our partnerships with luxury jewellery brands. This included the opening of our first BVLGARI mono-brand boutique and the hosting of our High-End Jewellery events in the US. These events were partnered with GUCCI, Messika and Uneek where we accessed first-to-market jewellery pieces.

We are also proud to have launched Watches of Switzerland Group exclusives with Breitling, DOXA, Girard-Perregaux, Grand Seiko and Hublot and 'first to market' with Jaeger-LeCoultre, Longines, Panerai, Rado and Tissot.

We also continue to increase our collaboration with brands on all aspects of co-operative marketing, including digital communication, events and advertising.

Our colleagues within our showrooms and Luxury Virtual Boutique are watch and jewellery experts and much of this comes from the collaboration and investment with the brands on significant training programmes.

3. DELIVER AN EXCEPTIONAL CLIENT EXPERIENCE

Our showrooms remain a cornerstone of our multi-channel offering. They are designed to appeal to a broad audience and make our clients feel welcome through unintimidating, inviting, browsable, modern and luxurious environments, whilst offering the greatest choice of brands and products in the world of luxury watches and jewellery.

To further elevate our client experience, this year saw the launch of Xenia, our internal Client Experience Programme, which takes inspiration from the world of luxury hospitality. The programme was named Xenia – an ancient Greek concept of hospitality typically translated as 'guest-friendship' or 'ritualised friendship' – and internally transformed into 'Xenia – The Art of Hosting'. Further details on Xenia are included on page 96.

We have also seen a continued success with our Luxury Watch and Jewellery Virtual Boutique, which was launched during the pandemic lockdowns. The Luxury Virtual Boutique bridges the gap between online and showrooms, offering unparalleled client service in the industry under a truly multi-channel approach. Fully trained colleagues assist online clients with their purchases or setting up appointments within our showrooms. We also have watch valuation experts who are able to assist in pre-owned trade ins or purchases. This year we have increased the number of Luxury Virtual Boutique colleagues from ten on launch to 31 and have plans to extend further to c45 in FY23.

In the UK, we continued to develop and enhance our client experience through our online appointment system, 'By Personal Appointment' accounting for approximately 45% of our UK sales during the period. Appointment can be pre-booked by either clients or colleagues, in-store, by phone, or with video conferencing. The 'By Personal Appointment' service allows colleagues to get to know what the client would like to see prior to the appointment and therefore provides an opportunity to enhance the overall experience. It also allows colleagues to discuss as a team, the client appointments for the day and how they can support each other to deliver an exceptional client experience.

We measure client satisfaction through a variety of tracking methods in the UK and the US including Net Promoter Score (NPS) via our 'Voice of the Client' survey in the UK, Trust Pilot, Mystery Shops and Podium. In the UK, our NPS score remained over 80% whilst in the US, we use Podium to measure in-store experiences and received a rating of 4.9 out of 5.0. Our Trust Pilot score across all our brands average 4.5 out of 5.0. We also undertake a mystery shopping programme to ensure consistency of our luxury service offering and this year also introduced elements to the mystery shop programme to measure our development of the Xenia Client Experience Programme. Consisting of physical showroom visits and digital enquiries, supplementary programmes are also conducted to measure the joint expectations of key partner brands.

We continue to develop our after-sales and service proposition to enhance the client experience, through several dedicated service centres, including the National Watch Service Centre in Manchester, complemented by 12 watch workshops located in showrooms in the UK and in the US, the HQ service centre in Fort Lauderdale, Florida as well as eight additional workshops located in showrooms. The capacity in the primary centres in both the UK (Manchester) and the US (Fort Lauderdale) has recently been expanded.

Client experiences continue to be an important part of our strategy, whether that be intimate dinners with our clients, events to celebrate product launches, or sporting events, we focus on ensuring we give our clients exceptional experiences. In the US in FY22, we also saw an elevated strategy to private clienteling through one-on-one appointments which were focused on the high-net-worth clients. Through these elegant hospitality moments, clients were able to view new and exclusive product with a concentration on high jewellery pieces and custom curated timepiece pairings.

4. DRIVE CLIENT AWARENESS AND BRAND IMAGE THROUGH MULTIMEDIA WITH BOLD, IMPACTFUL MARKETING

UK

We continued with our successful performance marketing campaign executed across a combination of channels such as search & shopping, YouTube, display and paid social media, with our strategy focused on reaching a broad luxury audience, underpinned by bold, impactful creative and innovative bidding strategies. The campaign showcased a breadth of range across men's, women's, and icons, reinforcing the Group as the leading destination for luxury watches in the UK. This activity was complemented by seasonal jewellery content campaigns for Goldsmiths and Mappin & Webb, in total generating 5.7 billion impressions and 125 million views. As the UK pandemic related restrictions eased, we launched local campaigns with enormous success which had a significant impact on the growth we've seen through display.

Social media also continues to be an important channel to inspire, engage and target a new, younger audience. The varying social channels allow us to communicate and share exciting new content in different formats, showcasing our expertise in the horology and jewellery world, whilst humanising our brands and producing authentic content that are bespoke to us. Themes included luxury gifting, new luxury showrooms, unboxing gifts, and new launches.

We invested in several traditional print media and outdoor advertising campaigns, partnering with key brands such as Rolex, Patek Philippe, OMEGA, TUDOR, Breitling, TAG Heuer and Grand Seiko. This helped to create brand awareness and drive footfall to our local showrooms and mono-brand boutiques.

Another key element to our marketing strategy for watches was the continued investment in Calibre, our in-house watch content. We integrated Calibre into our brand websites, allowing for a greater access to our editorial content with clients already within the buying funnel. We launched a Calibre-specific amplification campaign that focused on supporting the move of Calibre to our websites, specifically for Watches of Switzerland across paid search, display and social channels such as Facebook, Instagram as well as trialling Pinterest and LinkedIn paid activities. We increased the frequency of our Calibre podcast from January 2022 to further reinforce the Watches of Switzerland Group as the leading expert in luxury watches.

Our colleagues were delighted to be able to host in-person client events once again. Working with our brand partners, this year saw one of our largest series of events hosting more than 5,000 clients over 122 in-person events. The event series ranged from intimate, unique client experiences and dinners, showroom exhibitions and new launches, through to showing our appreciation to clients for their ongoing loyalty and encouraging clients back into our showrooms.

We held a press event in London in September to launch the new Goldsmiths Luxury showroom concept. 39 local, regional and trade journalists attended the event, which generated both interest and coverage ahead of the launch of the first new showroom, in Canterbury, at the beginning of October. Each of the new luxury showrooms that opened this year, were supported with new elevated luxury creative, through advertising, PR, editorial and client events, a level of support which will continued into next year as we open further locations throughout the UK.

US

Marketing in the US continued to drive brand awareness and value with a strategy encompassing custom content across digital, social, visual merchandising, events, private clienteling, outdoor and performance enhanced marketing and advertising.

Following the launch of @WatchesofSwitzerland_USA in autumn of 2021 and the acquisition of Timeless and Betteridge Jewelers social accounts, we have expanded the US social media footprint by over 59,000 followers across social channels Facebook and Instagram.

In the US, we debuted a ground-breaking advertising campaign which served as the most extensive multi-branded timepiece campaign the industry has ever seen. Featuring eight leading brand partners and entitled "Anytime. Anywhere.", it was produced in partnership with Creative Director and Photographer, Jay Gullion. The film 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 US. Watches of Switzerland US conducted a first of its kind multi-media campaign in partnership with brand partners simultaneously featuring lifestyle creative for brand awareness and product assets content for commercial conversion. The dual campaigns were customised to complement one another for maximum US exposure and impact across programmatic media titles, display, search, YouTube, Instagram and Facebook. The campaigns came to life across Watches of Switzerland, Mayors and Analog:Shift visual merchandising channels running throughout the year on screen and in vitrines throughout our showrooms. Overall, the campaign has generated over 1 billion digital impressions and 2.2 billion media impressions.

Serving as the physical embodiment of the "Anytime. Anywhere." ethos, a mobile Airstream retail unit was launched in conjunction with the debut of the film. The fully customised Airstream served as a multi-branded retail location throughout the Summer at its residency in the Hamptons, New York.

Experiential marketing continued through physical events in the US this year. The Summer season culminated with Watches of Switzerland hosting the Hamptons Classic Horse Show, their only retail partner in history, and in partnership with long time event partner, Longines. The mobile retail unit was on site to greet the 45,000 spectators throughout the event and made the front page of the Washington Post in a headline titled 'Far from Fifth Avenue: Luxury brands flock to suburbs and vacation hot spots where the rich are riding out the pandemic'.

Public Relations remains a hallmark for brand awareness success in the US. The Watches of Switzerland Group is focused on consistency and visibility of messaging throughout the US market. FY22 public relations activity has generated 10 billion in media impressions including brand and executive profiles in Esquire, Forbes, GQ, New York Times, Robb Report and Yahoo.com.

10bn

IMPRESSIONS GENERATED FROM US PR ACTIVITY IN FY22

5. LEVERAGE BEST IN CLASS OPERATIONS

MERCHANDISING

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

Our merchandising capabilities utilise a client-centric approach and best in class systems to optimise stock availability, enhance showroom productivity and allow for nationwide coverage. Our advanced product trend tracking is run on SAP software which enables extensive showroom profiling, productivity and trend analyses, and sales and inventory forecasting. We are able to monitor the key attributes, such as dial colour and case size, for the variety of luxury watches we sell, providing us with insight into market trends.

This year, we focused on product availability across our brands, we anticipated the strong demand over the holiday period and bought deeper into popular product lines. We have also extended the level of SKUs we have for key brands for our ecommerce platform, to ensure we have the full range of products available by brand.

RETAIL OPERATIONS

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 seven showrooms in the period. In the US, we are focused on generating high returns from refurbishing and upgrading the remaining showrooms in the Mayors network which have not yet been modernised.

The Xenia Client Experience Programme has enhanced our retail operations, unlocking the full potential of our sites. For example, providing additional hosts within the showrooms, additional technology in-store, dedicated operations managers in larger showrooms and dedicated hospitality staff.

The Group's showroom 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 showrooms 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 showrooms. Our single IT template has been deployed across the Group and can support further expansion or acquisitions as required. Our retail payment partner Adyen equips us with a fully featured, mobile and international payment platform across all sales channels, and both showrooms and ecommerce benefit from a shared inventory, shared digital assets, and click and collect capabilities.

During the year, we have continued to work on the system preparations necessary for the launch of our first European showrooms. We have successfully tested the core system capabilities needed to support our move into Europe. Further, our latest US acquisition has again proved the adaptability of our IT systems and we have completed the migration of acquisitions onto our global IT template.

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

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 clients an exceptional experience. We continue to invest in expanding and enhancing our platform, consisting of multi-brand showrooms, online, travel retail and mono-brand boutiques.

MULTI-BRAND SHOWROOMS

Our multi-brand showroom 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 showroom environments showcase a selection of the world's finest watches whilst inviting our clients 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 market-leading position 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 changing retail landscape, we continue to focus on offering the widest array of shopping opportunities, allowing our clients to reach out to local showroom 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 client demand of this channel.

Since September 2020, we have extended the brand offering and invested in our US websites; US ecommerce is growing impressively.

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

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

Working collaboratively with key partners such as Google (digital marketing), our Luxury Watch and Jewellery Virtual Boutique 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 in the UK.

Our online business had a good year, with Group ecommerce sales +5%[2] versus last year. This is compared to a year where showrooms in the UK were closed due to the pandemic.

MONO-BRAND BOUTIQUES

We have further developed and enhanced our mono-brand boutique channel. During the year, we opened 16 new mono-brand boutiques, bringing our global network to a total of 55 boutiques (UK: 38, US: 17) as at 1 May 2022. Our UK network saw the opening of 12 new mono-brand boutiques, including three in Plymouth, a new location for the Group. In the US we opened four mono-brand boutiques, for Grand Seiko, Breitling, TUDOR and BVLGARI.

During the year, we also refurbished our Breitling mono-brand boutique in the Trafford Centre, Manchester and the Rolex boutique in the Wynn Resort, Las Vegas.

Next year will see us further develop our mono-brand boutique network, most excitingly with our entry into the European market with OMEGA, Breitling, and TAG Heuer.

TRAVEL RETAIL

Travel retail in the UK has grown exponentially since the global relaxation of pandemic restrictions, although passenger numbers and global travel remains below pre-pandemic levels. Passenger numbers improved over the Easter holiday period and we expect strong passenger numbers over the Summer. However, since the removal of tourist VAT free shopping on Brexit, we do not believe conversion at the airports will achieve pre-Brexit levels.

We have renegotiated the contracts for our showrooms in Heathrow Airport on revised terms, which retains profitability at lower passenger levels.

2 Revenue growth metric presented on a constant currency basis excluding the FY21 53rd week.

7. CONTINUE TO ADVANCE THE ESG AGENDA

Operating a responsible business that delivers enduring, sustainable value for all our stakeholders is at the heart of what we do. In FY22, we undertook a programme of work to reset our purpose and values and thereby create a framework to help govern our commercial strategy and behaviours.

With our expertise, stunning showrooms, prestigious brand partners and rich heritage, we are uniquely positioned to WOW our clients, while, at the same time, care for – our colleagues, our communities and our planet – this is our Purpose.

With the full support of, and guidance from, our Board, we have strengthened our ESG governance and developed a sustainability strategy which puts our Purpose at its core.

During the year we have:

- Established an ESG Board Committee and appointed a Head of ESG
- Committed to Net Zero emissions by 2050 and set near term carbon reduction targets, in line with the Paris Climate Agreement to limit global temperatures to 1.5°C
- Grew our After Sales and Servicing operation and increased sales of pre-owned watches across the Group
- Achieved a post-pandemic colleague engagement score of 86%
- Awarded all colleagues 50 free shares – with the option to further invest through a new share save plan
- Ranked #11 in the FTSE 250 Women on Boards Review
- Donated £4.5 million (of which £1.5 million was accrued in FY21) to The Watches of Switzerland Group Foundation to support local communities, with an emphasis on helping vulnerable people in poverty

For more details on our ESG strategy, commitments and targets refer to pages 118 to 155.

OUR STRATEGY IN ACTION

XENIA

The Watches of Switzerland Group has developed a reputation for delivering world class client experiences and our Xenia Client Experience Programme represents the latest elevation of our client experience offering, taking inspiration from the world of luxury hospitality.

The programme was named Xenia – an ancient Greek concept of hospitality typically translated as 'guest-friendship' or 'ritualised friendship' – and internally transformed into 'Xenia – The Art of Hosting.'

The initial part of the Xenia Client Experience Programme focused on operational barriers to delivering an exceptional client experience and after a thorough review of the end-to-end client journey, in both the UK and US, we recognised there was an opportunity for investment in equipment in showrooms, such as iPads and payment devices, as well as a further investment in colleague resource to support the concept of hosting in-store.

In October 2021, we held two Xenia conferences to launch the new initiatives in Miami for our US colleagues and London for our UK colleagues. Not only was the removal of any physical or operational barriers welcomed by our colleagues the conference was also the opportunity to share the next stage of the Xenia journey – how we enhance colleagues' behaviours to truly deliver an exceptional client experience.

To support us on the next stage of our Xenia journey we engaged with The Ritz-Carlton Leadership Centre who have been instrumental in supporting global brands in the development of their client experience. Through dedicated global workshops, led by Antonia Hock, the Global Head of The Ritz-Carlton Leadership Centre, our retail colleagues, showroom managers and the retail leadership team designed and delivered the new Watches of Switzerland Group Global Service Standards. By involving colleagues from all levels of our retail network, we had an energetic and enthusiastic design team which ensured a high degree of buy in. Once finalised the Watches of Switzerland Group Global Standards were cascaded throughout April 2022 to all retail colleagues via 250 Xenia Champions.

Our Xenia Pillars are 'Know Me, WOW Me, Remember Me'. Our colleagues are focused on truly getting to know our clients, giving them an exceptional client experience, and then always staying connected.

This is only the start of the Xenia journey, we have a lot more planned for FY23.

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“Picking up a new watch is always exciting but being greeted by the team and made to feel special goes a long way too.”

WATCHES OF SWITZERLAND GROUP CLIENT

BETTERIDGE ACQUISITION

On 1 December 2021, the Group purchased the Betteridge showrooms in Greenwich Connecticut, Vale and Aspen Colorado. Betteridge has nearly 125 years in the watch and jewellery business, with Terry Betteridge being the third generation to run the business.

Each of the three locations offer exceptional opportunities for expanded growth with Rolex, Patek Phillipe and other luxury watch brands as well as leading jewellery brands including CHANEL and Buccellati.

We plan to expand each of the three showrooms, to further extend the space and brand line-up in the future. Due to the heritage and the prestige of the Betteridge brand, the showrooms will continue hold the Betteridge name.

In many ways the Betteridge acquisition demonstrates our ethos to acquisitions. The fragmentation in the US market gives the Group an opportunity to increase points of distribution for certain luxury watch brands. Acquisitions of these kind can only be achieved through the support of those brands, which creates a limited pool of potential buyers in the market.

The Group has established a best in class model for integrating acquisitions. Our single SAP instance allows systems integration to happen in a matter of days, bringing new acquisitions onto our shared services model quickly. Alongside this, we are able to roll out our first-class retail operations supported by online and digital marketing.

With all acquisitions we leverage our strong brand partnerships to allow us to bring the best brand line-up to each new acquisition.

Following our acquisition model, the new colleagues quickly become valued and trusted members of the Group. We also look to learn from those teams about the details of the local market and consumer base. With Betteridge, their strong heritage and expertise in luxury jewellery is something we believe will benefit our Group's jewellery offering in the future.

We maintain a well-disciplined approach to acquisitions, which involves paying a fair market price and always securing brand support prior to acquisition.

"After three years of strong foundational growth in the US market, the acquisition of Betteridge boutiques in Greenwich, Vail and Aspen is consistent with our objectives laid out in our Long Range Plan. Through focused investment on new projects and acquisitions, we continue our geographical diversification in order to solidify our position as the pre-eminent leader in the US market. Betteridge is the perfect complement to our Group."

BRIAN DUFFY
CEO

ANALOG: SHIFT

In September 2020, the Group purchased Analog:Shift, a US seller in vintage and pre-owned timepieces. Analog:Shift was founded by James Lamdin, a watch collector who looked to create an authentic and trustworthy buying experience for watch enthusiasts.

The acquisition of Analog:Shift was the culmination of a partnership that began a few years before, with the opening of the Watches of Switzerland Soho flagship showroom in New York. We identified that a robust pre-owned and vintage offering was an essential component of a well-rounded assortment for our discerning clientele and approached Analog:Shift to provide an expertly curated selection for the showroom.

With interest in vintage and pre-owned timepieces rapidly increasing, thanks to heightened consumer awareness and education, as well as the lack of availability of sought-after new releases from brands like Rolex, Patek Philippe, Audemars Piguet and OMEGA, the Group realised Analog:Shift offered more opportunity, and unlocked notable value and authenticity in a space that at times can appear unregulated and volatile to the end consumer. By bringing Analog:Shift under the Group umbrella, Watches of Switzerland once again differentiates itself from the competition, adding yet another facet to its unmatched service and client offerings. Together Watches of Switzerland and Analog:Shift provide authenticity, trust, and value to a largely unregulated segment of the industry and stand behind the authenticity of their products in perpetuity.

Since the acquisition, Analog:Shift has been rebranded and investment has been made in a contemporary transactional website and a modern head office and lounge in Manhattan to offer the best hospitality to our vintage and pre-owned clients. As part of our hospitality experience, Analog:Shift is collaborating with The Glenrothes Whisky (Edrington) for monthly tastings, which are well attended by clients.

The success seen in Soho is being replicated in further showrooms within the Watches of Switzerland and Mayors showrooms in the US.

The Analog:Shift team are also providing knowledge and experience to the Group in the development of exclusive product collaborations with luxury watch brands. This includes the recently launched limited edition DOXA Army watch.

The pre-owned market is a significant part of our ESG strategy, contributing to the circular economy. For further details on this ESG pillar refer to page 17.

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"Very early on we realised the shared vision of our two companies to be best in class, while not ascribing to industry norms. Both brands look to bring character into watch purchasing and with our ability to tap into the Group's premier retail organisation, Analog:Shift will be able to exponentially expand our services bringing a cutting edge understanding of the secondary market exclusively to the Group's client."

JAMES LAMDIN
FOUNDER ANALOG:SHIFT AND DIRECTOR OF
VINTAGE AND PRE-OWNED TIMEPIECES

GOLDSMITHS LUXURY

In FY22 we announced major plans to elevate the Goldsmiths brand position and introduce a luxurious new showroom concept. Within the financial year seven showrooms have been refurbished to the new concept.

"This is a significant milestone for Goldsmiths, which has a well-earned reputation for offering UK clients trusted expert service and a fabulous presentation of brands. Luxury today has become far more relaxed, inclusive, and experiential, so while we are elevating the Goldsmiths brand position, our goal is to make our valued clients feel at home whilst visiting our showrooms."

CRAIG BOLTON
PRESIDENT UK & EUROPE

The overall vision was to create a luxury showroom with increased focus on luxury watch brands and a relaxed, inclusive, and experiential in-store experience.

Within the seven new showrooms, there are dedicated areas for luxury watch brands, such as Rolex, OMEGA, Cartier, TAG Heuer, Breitling and TUDOR as well as a complementary jewellery offering, featuring FOPE, Messika, GUCCI, Jenny Packham, and Mappin & Webb. The new showrooms also provide an elevation of the client experience centred around VIP rooms, luxury hospitality and digital browsing tools with the vision for clients to 'feel at home' and be a place where they enjoy 'hanging out'.

The new showrooms, which were conceived in partnership with the award-winning UK-based design collective Quadrant Design, marry contemporary luxury design with a relaxed atmosphere. Clients experience a welcoming, accessible environment where they are encouraged to enjoy and browse the space at their leisure.

The concept has been rolled out in showrooms in Canterbury, Reading, Brighton, Braehead, Lincoln, Leeds White Rose and Leicester and the launches were supported with strong local marketing campaigns.

Investment in the UK showroom network over the last decade has elevated Goldsmiths beyond the competition. This next evolution gives that journey fresh impetus and will differentiate Goldsmiths from market competitors for years to come. In FY23 there is a plan for a further roll out of the concept.

EUROPEAN EXPANSION

We are very excited to have commenced our entry into the European market, further growing the scale and geographical diversification of the Group's operations. We believe the European market is also underdeveloped in comparison to the UK market with a high level of fragmentation. The Group has many opportunities to exploit its unique proposition within the European market.

Our expansion into Europe will take place through a combination of mono-brand boutiques, acquisitions and ecommerce. We estimate that sales in Europe will be 5–8% of the Group's total revenue by FY26. The country or market priorities will be determined by opportunity.

On 16 June 2022, we opened our first European mono-brand boutique for Breitling on Biblioteksgatan, Stockholm, Sweden. In FY23, Stockholm will be home to a further two mono-brand boutiques.

We will also be opening mono-brand boutiques in Copenhagen, Denmark and Dundrum Dublin, Republic of Ireland during FY23.

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"We are delighted to be working with our brand partners, as we embark on our expansion into European territories. This is an exciting time for our business as we venture on this journey to increase our presence, our programme of projects primarily focusing on the Nordics and Republic of Ireland and we are actively exploring other territories and opportunities in the marketplace."

CRAIG BOLTON
PRESIDENT UK & EUROPE

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"The Group delivered a strong financial performance across all KPIs and is well placed to continue to grow in the year ahead."

BILL FLOYDD
CFO

FINANCIAL REVIEW

The Group's Statutory Consolidated Income Statement is shown below which is presented under IFRS 16 'Leases' and includes exceptional items.

Statutory Income Statement (£million)	52 weeks ended 1 May 2022	53 weeks ended 2 May 2021	YoY variance
Revenue	**1,238.0**	**905.1**	**37%**
Operating profit	**142.1**	**81.9**	**74%**
Net finance cost	(15.9)	(18.2)	13%
Profit before taxation	**126.2**	**63.7**	**98%**
Taxation	(25.2)	(13.1)	(92)%
Profit for the financial period	**101.0**	**50.6**	**100%**
Basic Earnings Per Share	**42.2p**	**21.1p**	**100%**

Management monitor and assess the business performance on a pre-IFRS 16 and exceptional items basis, which is shown below. This aligns to the reporting used to inform business decisions, investment appraisals, incentive schemes and debt covenants. A full reconciliation between the pre- and post-IFRS 16 results is shown in the Glossary.

Income Statement - pre-IFRS 16 and exceptional items (£million)	52 weeks ended 1 May 2022	53 weeks ended 2 May 2021	YoY variance
Revenue	**1,238.0**	**905.1**	**37%**
Net margin[1]	**470.6**	**332.3**	**42%**
Showroom costs	(226.7)	(166.6)	(36)%
4-Wall EBITDA[1]	**243.9**	**165.7**	**47%**
Overheads	(73.3)	(55.8)	(31)%
EBITDA[1]	**170.6**	**109.9**	**55%**
Showroom opening and closing costs	(8.4)	(4.5)	(87)%
Adjusted EBITDA[1]	**162.2**	**105.4**	**54%**
Depreciation, amortisation and loss on disposal of fixed assets	(31.9)	(27.8)	(15)%
Segment profit (Adjusted EBIT)[1]	**130.3**	**77.6**	**68%**
Net finance costs	(3.7)	(5.5)	31%
Adjusted profit before taxation[1]	**126.6**	**72.1**	**76%**
Adjusted Earnings Per Share[1]	**41.8p**	**23.8p**	**76%**

1 Refer to the Glossary on pages 283 to 285 for definition and reconciliation to statutory measures where appropriate.

REVENUE

Group revenue increased by +37% to £1,238.0 million. FY21 was a 53-week year; excluding the 53[rd] week showed growth of +40% in constant currency.

Our UK showrooms were fully operational for the whole year compared to 26 weeks in the prior year, where click and collect was in place during various lockdowns. The US was fully operational throughout FY22 and FY21. During FY22, footfall remained behind pre-pandemic levels, but a strong product offering supported by digital marketing, and a focus on clienteling, and new space delivered significant growth in the year. Group ecommerce sales increased +5% compared to the prior year excluding the 53rd week and in constant currency, despite strong comparatives when a higher proportion of clients were shopping at home during the pandemic.

Revenue by geography and category

52 weeks ended 1 May 2022 (£million)	UK	US	Total	Mix
Luxury watches[2]	663.9	382.6	1,046.5	85%
Luxury jewellery[3]	72.4	36.4	108.8	9%
Other	73.3	9.4	82.7	6%
Total revenue	**809.6**	**428.4**	**1,238.0**	**100%**

2 Luxury watches are defined as those that have a Recommended Retail Price greater than £1,000.
3 Luxury jewellery is defined as those that have a Recommended Retail Price greater than £500.

52 weeks ended 1 May 2021 (£million)	UK	US	Total	Mix
Luxury watches	512.2	276.3	788.5	87%
Luxury jewellery	43.8	16.9	60.7	7%
Other	50.5	5.4	55.9	6%
Total revenue	**606.5**	**298.6**	**905.1**	**100%**

UK revenue increased by +34% (+36% excluding the FY21 53rd week) during the period through a combination of continued demand, investment in the showroom portfolio, new showrooms and strong clienteling activity by the Group. Consumer appetite for products remained very strong and well above the levels supplied by certain brands. Luxury watches saw significant sales growth, alongside luxury jewellery. The business continued to optimise consumer experience with the expansion of personal appointments available in showrooms and online through the Virtual Boutique. The launch of 'Xenia', our elevated Client Experience Programme, backed up by strong digital marketing campaigns and offline marketing events to showcase product will build even stronger client relationships.

US revenue increased by +44% (+48% on a constant currency basis and excluding the FY21 53rd week), and the US business made up 35% of the Group's revenue in FY22 (FY21: 33%). Strong growth was seen across all locations with New York and the Wynn Resort, Las Vegas seeing the biggest benefit from returning footfall, compared to Mayors which had a limited impact from the pandemic lockdowns and travel reductions in the prior year. In line with the UK, consumer appetite for high demand product remained strong, and significant growth was achieved in luxury watches. This was accomplished through a quality product offering, backed up by strong marketing campaigns and superior client experience.

During the period, the Group opened four mono-brand boutiques in the US and a Watches of Switzerland showroom in Cincinnati. During Autumn 2021, the Group completed the acquisition of five showrooms (three under the Betteridge brand and two showrooms now branded Watches of Switzerland). The showrooms have a combined last twelve months annual revenue of c.US$100 million and future profitability is expected to be in line with the Group's US average. Our US ecommerce platform has continued to grow, and sales of vintage and pre-owned luxury watches have been encouraging as we continue to leverage the Analog:Shift brand following the acquisition in 2020.

Group revenue from luxury watches grew by +33% and made up 85% of revenue, marginally down (250bps) on the prior year as jewellery sales became a greater part of the mix.

Group luxury jewellery revenue grew by +79% (+86% on a constant currency basis and excluding the FY21 53rd week). The UK benefitted from a full year of showrooms being open as these purchases are more footfall and impulse-driven than luxury watches. Our luxury jewellery ranges were well received and the ongoing focus on premium ranges has led to continued growth of our average selling price. Luxury jewellery revenue in the US showed strong underlying growth and was further supported by the acquisition of the Greenwich Betteridge showroom and the opening of our first BVLGARI mono-brand boutique.

Other revenue, consisting of servicing, repairs, insurance services and the sale of fashion and classic watches and other non-luxury jewellery grew by +48%.

PROFITABILITY

Profitability as a % of revenue	52 weeks ended 1 May 2022	53 weeks ended 2 May 2021	YoY variance
Net margin[1]	38.0%	36.7%	1.3%
Showroom costs	18.3%	18.4%	0.1%
4-Wall EBITDA[1]	19.7%	18.3%	1.4%
EBITDA	13.8%	12.1%	1.7%
Adjusted EBITDA[1]	13.1%	11.6%	1.5%
Adjusted EBIT[1]	10.5%	8.6%	1.9%

1 Refer to the Glossary on pages 283 to 285 for definition and reconciliation to statutory measures where appropriate.

Net margin % increased by 130 bps from 36.7% in the prior year to 38.0%, driven by product mix. Within the watch category our higher margin brands grew the fastest year on year, and more generally, the jewellery category outperformed the watch category following a return of footfall to showrooms.

Showroom costs increased by £60.1 million (+36%) from the prior year, to £226.7 million as we opened more showrooms and reflect a full year of opening. Showroom costs as a percentage of revenue improved by 10 bps from 18.4% to 18.3%. Property related costs increased from FY21 by £18.7 million, this was as a result of the net change in UK business rates suspension (+£7 million versus FY21) and our increased showroom portfolio. Payroll costs increased by £15.6 million including the impact of new showrooms, commission on additional revenue, and yearly pay rises to colleagues. Variable showroom costs increased in line with revenue, in addition to further digital marketing investment which successfully drove traffic and conversion both online and in showrooms.

Overheads increased by £17.5 million (+31%) due to additional headcount and IT costs to support growth, and a £3.0 million donation to The Watches of Switzerland Group Foundation.

Showroom opening and closing costs include the cost of rent (pre-IFRS 16), rates and payroll prior to the opening or closing of showrooms, or during closures when significant refurbishments are taking place. This cost will vary annually depending on the scale of expansion in the period. Total costs for the year were £8.4 million versus £4.5 million in FY21 reflecting the increased number of refurbishments and openings undertaken.

Exceptional administrative items

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

Exceptional items (£million)	52 weeks ended 1 May 2022	53 weeks ended 2 May 2021
IPO costs	1.5	4.9
Legal expenses on business acquisition	0.5	0.2
Reversal of showroom impairment	(0.4)	(0.1)
Impairment of property, plant and equipment	–	3.1
Impairment of right-of-use assets	–	1.2
Reversal of expected credit losses	–	(0.2)
Total	**1.6**	**9.1**

IPO costs of £1.5 million in the current period relate to IPO-linked share-based payments (FY21: £4.9 million). The shares vested and were settled in the period, and there will be no further costs of this nature.

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

During the current period we have reassessed assets impaired through exceptional items in prior periods, taking into account FY22 performance and the latest discounted budgeted cash flows for each showroom. As a result of improved trading, an impairment reversal of £0.4 million has been recognised at the period end.

Adjusted EBIT and statutory operating profit

As a consequence of the items noted above, Adjusted EBIT was £130.3 million, an increase of £52.7 million (+68%) on the prior year.

After accounting for exceptional costs of £1.6 million and IFRS 16 adjustments of £13.4 million, statutory operating profit (EBIT) was £142.1 million, an increase of +74% on the prior year.

The Group provided updated revenue and profit guidance on 10 February 2022, which is regarded as a profit forecast for the purposes of the Financial Conduct Authority's Listing Rule 9.2.18. Revenue guidance at that time was £1.2 billion and Adjusted EBITDA margin % of 13.1%, this compares to the actual results of £1,238 million and Adjusted EBITDA margin % of 13.1%.

Finance costs

Net finance costs (£million)	52 weeks ended 1 May 2022	53 weeks ended 2 May 2021
Pre-IFRS 16 finance costs	**3.7**	**5.5**
IFRS 16 interest on lease liabilities	12.2	12.7
Total net finance costs	**15.9**	**18.2**

Interest payable on borrowings reduced in the period, reflecting the reduced net debt in the period, and lower interest rates.

In the prior year, the Group entered into a £45.0 million facility agreement as part of the UK Government Coronavirus Large Business Interruption Loan Scheme (CLBILS) which had a maturity of November 2021. This facility was repaid and cancelled during the prior year.

The IFRS 16 interest on lease liabilities has decreased by £0.5 million in line with the decreased remaining average life of our lease portfolio.

Taxation

The pre-IFRS 16 effective tax rate for the period was 20.7%. This is higher than the UK tax rate of 19.0% due to a significant proportion of the Group being in the US where the tax rate is higher than in the UK, and due to non-deductible expenses. Excluding exceptional items, the effective tax rate is 20.8%.

The effective tax rate reported under IFRS 16 was 19.9%, or 20.1% before exceptional items are included.

BALANCE SHEET

Balance Sheet (£million)	1 May 2022	2 May 2021
Goodwill and intangibles	177.8	150.6
Property, plant and equipment	112.5	93.7
Right-of-use assets	293.6	253.7
Inventories	307.0	226.4
Trade and other receivables	22.3	10.4
Trade and other payables	(201.4)	(151.7)
Lease liabilities	(340.6)	(301.4)
Net debt	(14.1)	(43.9)
Other	4.2	12.5
Net assets	**361.3**	**250.3**

Goodwill and intangibles have increased as a result of the US acquisitions in the period, which gave rise to £21.3 million of goodwill and a brand value of £2.2 million. A further £2.2 million of computer software additions were made in the period as part of our ongoing plans to upgrade our systems.

Property, plant and equipment increased by £18.8 million in the 52-week period to 1 May 2022. Additions of £43.8 million, including business acquisitions, were offset by depreciation of £27.6 million, loss on disposal of £1.5 million, impairment reversals of £0.4 million and a favourable foreign exchange impact of £3.7 million.

Including software costs, which are disclosed as intangibles, capital additions were £43.2 million (FY21: £26.1 million) of which £41.0 million (FY21: £21.2 million) was expansionary. Expansionary capex relates to new showrooms, relocations or major refurbishments (defined as costing over £0.25 million). In the period, the Group opened 23 showrooms, expanded six showrooms and refurbished 14 showrooms. Investment in our portfolio is paramount to our strategy and the Group follows a disciplined payback policy when making capital investment decisions.

Right-of-use assets increased by £39.9 million to £293.6 million. Additions to the lease portfolio along with lease renewals or other lease changes have increased the balance by £72.4 million. This has been offset by depreciation of £40.6 million and a favourable foreign exchange impact of £8.1 million.

Lease liabilities increased by £39.2 million. The portfolio changes noted above increased the lease liability by £70.1 million. Interest charged on the lease liability also increased the balance by £12.2 million along with a foreign exchange loss of £9.9 million. Lease payments have reduced the balance by £53.0 million, giving a lease liability balance of £340.6 million.

Inventory levels increased by £80.6 million compared to the prior year. This includes inventory from acquisitions (+£20.7 million) and increased pre-owned inventory (+£19.9 million), in addition to the inventory in the new showrooms and higher base stock levels to support revenue growth. Being able to carry a wide range of inventory to represent the brands appropriately is an important differentiator. The inventory obsolescence risk is low and therefore we expect to grow inventory levels as more product becomes available and as the number of showrooms increases.

Trade and other receivables increased by £11.9 million. There is a general increase in trade receivables (+£1.4 million), prepayments (+£3.3 million), rebates (+£1.6 million), and other debtors (+£0.6 million) as the Group increases in size, in addition to the re-instatement of UK rates (+£1.4 million) and increased brand capital contributions receivable (+£3.6 million) in the US.

Trade and other payables increased by £49.7 million. Trade payables increased by £39.5 million driven by increased volume at new and acquired showrooms, in addition to the timing of intake at the period end. The Group has seen a general increase in accruals in line with the increased operations and investment in showrooms. These include increases in capital expenditure, advertising, payroll, and insurance activity. One-off items include a £6.7 million payable for the purchase of shares at the period end to satisfy share incentive schemes, and £4.2 million held in Escrow whilst the Betteridge acquisition consideration is finalised.

Other includes taxation balances and the defined benefit pension obligation of £0.6 million (FY21: £2.6 million).

Net debt and financing

Net debt on 1 May 2022 was £14.1 million, a reduction of £29.8 million since 2 May 2021, driven by £112.1 million of free cash flow[1] offset by £41.0 million of expansionary capex and £44.1 million relating to acquisitions.

The Group's maximum available committed facilities at 1 May 2022 were £217.7 million.

Facility	Expiring	Amount (million)
UK Term Loan – UK SONIA +1.75% to +2.80%	June 2024	£120.0
UK Revolving Credit Facility – UK SONIA +1.50% to +2.55%	June 2024	£50.0
US Asset Backed Facility – US LIBOR +1.25% to +1.75%	April 2023	US$60.0

£120.0 million of these facilities were drawn down at 1 May 2022. Liquidity headroom (defined as unrestricted cash plus undrawn available facilities) was £189.6 million.

The Group maintained compliance with all of its banking covenants during the period and expects to continue to do so.

CASH FLOW

Cash flow (£million)	52 weeks ended 1 May 2022	53 weeks ended 2 May 2021
Adjusted EBITDA	**162.2**	**105.4**
Share-based payments	1.7	0.8
Working capital	(29.8)	13.9
Pension contributions	(0.7)	(0.7)
Tax	(15.6)	(9.6)
Government grants received	–	5.4
Cash generated from operating activities	**117.8**	**115.2**
Maintenance capex	(3.0)	(1.0)
Interest	(2.7)	(4.5)
Free cash flow	**112.1**	**109.7**
Free cash flow conversion[1]	**69.1%**	**104.1%**
Expansionary capex	(41.0)	(21.2)
Acquisitions	(44.1)	(1.4)
Exceptional items	(0.5)	(0.2)
Financing activities	–	(82.1)
Cash flow	**26.5**	**4.8**

1 Refer to the Glossary on pages 283 to 285 for definition and reconciliation to statutory measures where appropriate.

Free cash flow increased by £2.4 million to £112.1 million in the period to 1 May 2022 and free cash flow conversion was 69.1% compared to 104.1% in the prior year.

Strong cash flow from trading (Adjusted EBITDA increased by £56.8 million), was offset by a £29.8 million adverse working capital movement, primarily driven by additional stock in new showrooms and higher base stock levels to support revenue growth.

The repayment of furlough monies received in the prior year forms part of the working capital movement in FY22, having been accrued for payment at FY21 period end.

Expansionary capex of £41.0 million (after taking into account the associated creditors movement) was higher than the prior year due to an increase in new showroom openings and refurbishments.

RETURN ON CAPITAL EMPLOYED (ROCE)

	52 weeks ended 1 May 2022	53 weeks ended 2 May 2021
ROCE	27.4%	19.7%

ROCE increased by 770 bps from 19.7% to 27.4% in the period demonstrating improved capital efficiency. This is as a consequence of Adjusted EBIT increasing by +68%, compared to the increase in average capital employed of +24%.

SHOWROOM PORTFOLIO

As at 1 May 2022, the Group had 171 showrooms, the movement in showroom numbers is included below:

	UK multi-brand showrooms	UK mono-brand boutiques	Total UK	US multi-brand boutiques	US mono-brand boutiques	Total US	Total Group
2 May 2021	**98**	**26**	**124**	**17**	**13**	**30**	**154**
Openings	1	12	13	1	4	5	18
Acquisitions	–	–	–	5	–	5	5
Closures	(6)	–	(6)	–	–	–	(6)
1 May 2022	**93**	**38**	**131**	**23**	**17**	**40**	**171**

Mono-brand boutiques include seven Rolex boutiques during both years.

STRATEGIC REPORT | GOVERNANCE REPORT | FINANCIAL STATEMENTS

KEY PERFORMANCE INDICATORS

HOW THE GROUP MEASURES PERFORMANCE

Key Performance Indicators (KPIs) are designed to measure the development, performance and position of the business. Certain KPIs are Alternative Performance Measures (APMs) and the Directors use these measures as they believe they provide additional useful information and analyses on the underlying trends, performance and position of the Group. 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.

During the year, the Group removed the Sales Per Door KPI and replaced this with two new non-financial KPIs to recognise the importance of our Environmental, Social and Governance (ESG) commitments. Further detail on the new Engagement Survey and Carbon Emissions KPIs are given below.

FINANCIAL PERFORMANCE

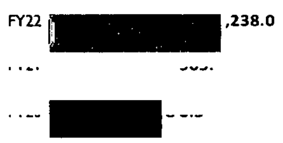
REVENUE

DEFINITION AND PURPOSE

Revenue is stated exclusive of sales taxes and is measured in accordance with IFRS 15 'Revenue from contracts with clients'.

Growing revenue is a key pillar of our business strategy.

PERFORMANCE (£ MILLION)



Revenue grew by +37% in the year to deliver another record year.

Further details on the revenue performance in the year are detailed in the Financial Review on pages 107 to 111.

LINK TO STRATEGY

(1)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 5 8 9

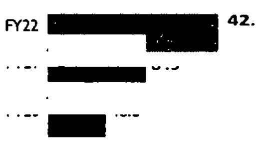
OPERATING PROFIT/EBIT

DEFINITION AND PURPOSE

Statutory measure under IFRS representing Profit/Earnings Before Interest and Taxation.

Growing profit is a key pillar of our business strategy.

PERFORMANCE (£ MILLION)



Operating profit grew by +74% in the year, as a result of higher revenue and net margin leading to the leveraging of fixed costs in the year.

Further details on profit performance in the year are detailed in the Financial Review on pages 107 to 111.

LINK TO STRATEGY

(1) (5)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 5 6 7 8 9 10

ADJUSTED EBIT

DEFINITION AND PURPOSE

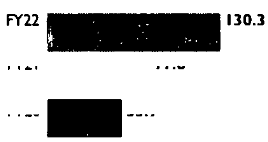
Earnings Before Interest and Tax (EBIT) adjusted for exceptional items and before IFRS 16 adjustments. This measure is defined as segment profit under IFRS 8 'Operating segments' and is reconciled to Profit Before Taxation on an IFRS basis in note 2 to the Financial Statements.

This is a measure of profitability excluding exceptional items. This presents the Group's underlying performance without distortion from one-off or non-trading events to provide comparability between years.

Growing profit is a key pillar of our business strategy.

This measure was linked to management's FY22 annual bonus in the financial year. Further detail can be found in the Remuneration Committee Report on page 196.

PERFORMANCE (£ MILLION)



Adjusted EBIT increased by +68% on the prior year, ahead of revenue growth demonstrating good profitability management.

Further details on profit performance in the year are detailed in the Financial Review on pages 107 to 111.

LINK TO STRATEGY

(1) (5)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 5 6 7 8 9 10

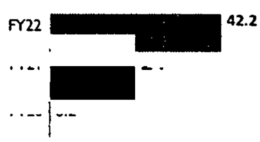
BASIC EPS

DEFINITION AND PURPOSE

Basic EPS is a statutory measure defined by IAS 33 'Earnings per share'. EPS is a direct measure of profitability per share held in the Group.

Growing Basic EPS is a key pillar of our business strategy.

PERFORMANCE (p)



Basic EPS has grown from 21.1p to 42.2p in the year, reflecting the increase in profitability in the year.

LINK TO STRATEGY

(1) (5)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 5 6 7 8 9 10

PRINCIPAL RISKS AND UNCERTAINTIES

1. Business strategy execution and development
2. Key suppliers and supply chain
3. Client experience and market risks
4. Colleague talent and capability
5. Data protection and cyber security
6. Business interruption
7. Regulatory and compliance
8. Economic and political
9. Brand and reputational damage
10. Financial and treasury
11. Climate change

STRATEGIC PRIORITIES

(1) Grow revenue, profit and Return on Capital Employed

(2) Enhance strong brand partnerships

(3) Deliver an exceptional client service

(4) Drive client awareness and brand image

(5) Leverage best in class operations

(6) Expand multi-channel leadership

(7) Continue to advance the ESG agenda

[redacted]

ADJUSTED EPS

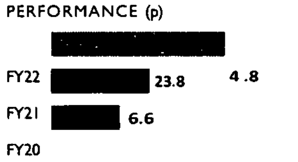
DEFINITION AND PURPOSE
Basic Earnings Per Share adjusted for exceptional items as disclosed in note 4 to the Consolidated Financial Statements. This measure is reconciled to statutory measures in note 9 to the Consolidated Financial Statements.

This is a measure of profit per share held in the Group, excluding exceptional items and IFRS 16 adjustments. This presents the Group's underlying performance without distortion from one-off or non-trading events to provide comparability between years.

Growing Basic EPS is a key pillar of our business strategy.

This measure was linked to management LTIP incentives in the financial year. Further detail can be found in the Remuneration Committee Report on page 196.

PERFORMANCE (p)



FY22 Adjusted EPS increased by +76% relative to the prior year, reflecting the increase in profitability during the year.

LINK TO STRATEGY

(1) (5)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 5 6 7 8 9 10

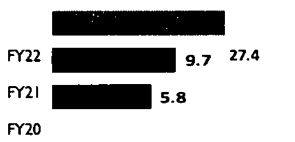
RETURN ON CAPITAL EMPLOYED

DEFINITION AND PURPOSE
Return on Capital Employed (ROCE) is defined as Adjusted EBIT divided by average capital employed. Average capital employed is total assets less current liabilities on a pre-IFRS 16 basis. The calculation for ROCE is included in the Glossary on page 284.

ROCE demonstrates the efficiency with which the Group utilises capital.

This measure was linked to management LTIP incentives in the financial year. Further detail can be found in the Remuneration Committee Report on page 196.

PERFORMANCE (%)



The increase in ROCE in the year largely reflects the increase in Adjusted EBIT and demonstrates improved capital efficiency.

LINK TO STRATEGY

(1) (5)

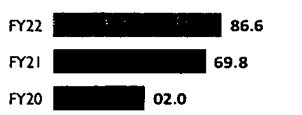
LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 5 8 9 10

CASH GENERATED FROM OPERATIONS

DEFINITION AND PURPOSE
Cash generated from operations is defined under IAS 7 'Statement of Cash Flows'. This is a direct measure of cash generation from the operations of the business excluding financing, investing, tax and defined benefit pension contributions.

PERFORMANCE (£ MILLION)



Cash generated from operations increased by £16.8 million.

Further details on cash flow performance in the year are detailed in the Financial Review on pages 107 to 111.

LINK TO STRATEGY

(1) (5)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

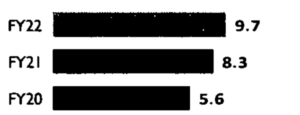
1 2 3 4 5 8 9 10

4-WALL EBITDA %

DEFINITION AND PURPOSE
4-Wall EBITDA % is defined as net margin less showroom costs shown as a % of revenue. Refer to the Glossary on page 283 for a reconciliation of this measure to statutory IFRS measures.

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

PERFORMANCE (%)



4-Wall EBITDA % improved by 140 bps to 19.7%, demonstrating an improvement in the showroom profitability in the year

LINK TO STRATEGY

(1) (5)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 4 8 9

KEY PERFORMANCE INDICATORS
continued

PRINCIPAL RISKS AND UNCERTAINTIES

1. Business strategy execution and development
2. Key suppliers and supply chain
3. Client experience and market risks
4. Colleague talent and capability
5. Data protection and cyber security
6. Business interruption
7. Regulatory and compliance
8. Economic and political
9. Brand and reputational damage
10. Financial and treasury
11. Climate change

STRATEGIC PRIORITIES

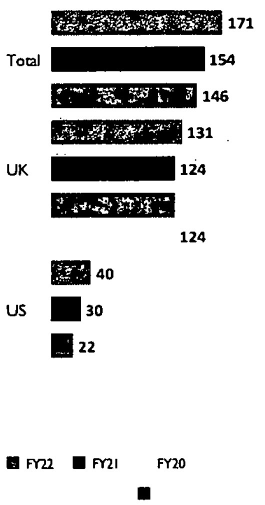
(1) Grow revenue, profit and Return on Capital Employed
(2) Enhance strong brand partnerships
(3) Deliver an exceptional client service
(4) Drive client awareness and brand image
(5) Leverage best in class operations
(6) Expand multi-channel leadership
(7) Continue to advance the ESG agenda

NON-FINANCIAL PERFORMANCE

NUMBER OF SHOWROOMS

DEFINITION AND PURPOSE
Number of showrooms at the end of the financial year. This metric demonstrates the Group's size and scale.

PERFORMANCE



In the UK, the Group opened 13 showrooms and closed six. In the US, the Group opened five showrooms and acquired five showrooms.

LINK TO STRATEGY
(1) (2) (3) (4) (5) (6)

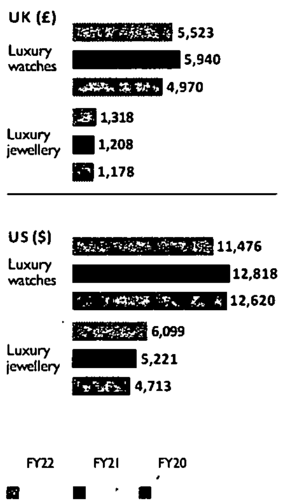
LINK TO PRINCIPAL RISKS AND UNCERTAINTIES
1 2 4 5 8 9 11

AVERAGE SELLING PRICE

DEFINITION AND PURPOSE
Average Selling Price (ASP) represents revenue generated (including sales-related taxes) in a period from sales of the category, divided by the total number of units of such products sold during the period. This metric is a measure of sales performance.

Luxury watches are defined as those that have a Recommended Retail Price greater than £1,000. Luxury Jewellery is defined as those that have a Recommended Retail Price greater than £500.

PERFORMANCE



ASP increased across all brands versus the prior year. The total luxury watches ASP has decreased in both the UK and US due to mix of products sold. The luxury jewellery increase in the US includes a strong performance from Betteridge following the acquisition in the period and the opening of the BVLGARI boutique.

LINK TO STRATEGY
(1) (2) (5)

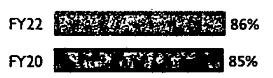
LINK TO PRINCIPAL RISKS AND UNCERTAINTIES
1 2 3 4 5 8 9

ENGAGEMENT SURVEY

DEFINITION AND PURPOSE
In January 2022 colleagues participated in our second company-wide engagement survey. The first was completed just prior to the pandemic in March 2020.

Our colleagues are key to our business. The Group has introduced a new colleague engagement KPI in the period, and the survey will be completed on an annual basis going forwards.

COLLEAGUE ENGAGEMENT (%)



Colleague engagement increased in the period from 85% to 86%, despite disruption as a result of the pandemic.

Further detail can be found in the Colleague Engagement Report on page 123.

LINK TO STRATEGY
(7)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES
4 11

CARBON EMISSIONS

DEFINITION AND PURPOSE
During the year, the Board made a commitment to achieve Net Zero emissions by 2050. Whilst we are in the early stages of delivering against our commitment, a new KPI to monitor carbon emissions has been created, recognising the responsibility of the Group. This KPI reflects the Group's near term commitment to reduce Scope 1 and 2 carbon emissions by 50% by 2030.

The KPI reported is the total gross Scope 1 and Scope 2 emissions (tCO_2e).

PERFORMANCE (tCO_2e)

UK carbon emissions have reduced since FY22 driven by our LED lighting and EV initiatives. The US is not as far advanced in these areas and has seen an increase in emissions in line with new store openings.

Further detail can be found in the Environmental, Social and Governance Report on pages 118 to 155.

LINK TO STRATEGY
(7)

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES
7 8 9 11

NON-FINANCIAL INFORMATION STATEMENT

The following table sets out where stakeholders of Watches of Switzerland Group PLC can find relevant non-financial information within this Annual Report and Accounts further to the Financial Reporting Directive requirements contained in sections 414CA and 414CB of the Companies Act 2006.

This Non-Financial Information Statement highlights information necessary for an understanding of the Company's development, performance, position and impact of its activity, information relating to environmental, colleagues, social, respect for human rights, anti-corruption and anti-bribery matters. Where possible, the following table also states where additional information can be found that supports these requirements:

Reporting requirement	Relevant policy	Where to read in this Report	Page	Additional information
Information to the extent necessary for an understanding of the Company's development, performance and position and the impact of its activity relating to:				
1. Environmental matters	Environmental	Environmental, Social and Governance: Our sustainability pillars ESG governance Caring for our planet Task Force on Climate-Related Financial Disclosures	118 119 121 134 138	Supplier code of conduct and supplier manual
2. Colleagues	Whistleblowing Code of Ethics Health and safety Group diversity Colleague handbook	Section 172 Statement – Colleagues Environmental, Social and Governance: Caring for our colleagues and communities Anti-Bribery and Corruption Taxation Health and Safety Corporate Governance Statement Nomination Committee Report Directors' Remuneration Report	116 118 122 151 151 126 173 184 196	Colleagues engagement Diversity & inclusion Talent and succession Colleague relations Charitable activities
3. Social matters		Section 172 Statement – Community Environment, Social and Governance: Purpose, culture and values Our sustainability pillars Caring for our colleagues and communities Foundation – Helping our communities Caring for our planet Responsible sourcing	116 118 118 119 122 130 134 148	Corporate social responsibility report[1]
4. Respect for human rights	Responsible sourcing No dirty gold Supplier handbook Dignity at work Group diversity Whistleblowing Code of Ethics	Environment, Social and Governance: Purpose, culture and values Responsible sourcing Corporate Governance Statement	118 118 148 173	Modern Slavery Statement Corporate social responsibility report[1] Supplier code of conduct and supplier manual Anti-Bribery, Corruption, Taxation and Health and Safety Data Protection and information security
5. Anti-corruption and anti-bribery matters	Anti-bribery and corruption Anti-money laundering	Environment, Social and Governance: Purpose, culture and values Responsible sourcing Corporate Governance Statement	118 118 148 173	Anti-Bribery and Corruption, Taxation and Health and Safety Tax strategy statement[1] Supplier code of conduct and supplier manual
Other information:				
Business model		Business Model	70	
Principal risks in relation to (1) to (5) above and related due diligence processes		Risk Management Principal Risks and Uncertainties Going Concern and Viability Statement	156 159 166	
Relevant non-financial KPIs		Key Performance Indicators	112	

1 Available on our corporate website at thewosgroupplc.com.

An overview of our engagement with colleagues, clients, suppliers and other stakeholders can be found on pages 116 to 117 within our s172 Statement in compliance with the Companies Act 2006.

HOW WE ENGAGE WITH OUR STAKEHOLDERS

SECTION 172(1) COMPANIES ACT 2006 STATEMENT

As a Board, we believe that in order to maximise value and deliver long term success, it is critical that we understand who our key stakeholders are; to build relationships with them and to engage in proactive and constructive dialogue and to ensure we deliver on what is important to them. To that end, engagement with all of our stakeholder groups plays a vital role in delivering our Group strategy.

Section 172 of the Companies Act 2006, requires that the directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to each of its stakeholders and, taking into account factors listed in section 172(1) (a) to (f).

The following information describes how our Directors have had regard to the need to foster the Company's business relationships with our partners, clients and others. In the Corporate Governance Report, we provide details of key Board focus which should be read in conjunction with this Section 172(1) Statement and can be found on page 177.

BOARD ENGAGEMENT WITH STAKEHOLDERS

The Board receives regular reports from relevant members of the Senior Management team and uses this information to ensure they remain closely connected with stakeholders and to inform discussion and decision-making. Engagement mechanisms are reviewed and monitored regularly and the Board ensures that they remain appropriate and effective.

The Company Secretary & General Council ensures that as the Board make its decisions, the impact on any of our stakeholder groups is considered and any decisions are recorded in the Board meeting minutes.

The Directors consider the groups listed here to be the Company's key stakeholders and those which are identified as most likely to be affected by the principal decisions of the Board.

As part of our engagement strategy and development of our ESG priorities, the Board receives regular and relevant updates from Executive Directors, the Designated Non-Executive Director and Senior Management in the form of reports, presentations and ad hoc verbal information at Board meetings.

This Statement incorporates and should be read in conjunction with Environment, Social and Governance on pages 118 to 137.

Further information on how the Directors have regard to s172(1) considerations during their decision-making process can be found on pages 176 to 178.

COLLEAGUES

As a company built on values of trust and respect, our colleagues are at the very heart of our business and are the bedrock of our success. It is through our colleagues that we execute our strategy and achieve our Long Range Plan. We continue to invest in our people to ensure that we attract and retain the best talent.

WHY WE ENGAGE WITH OUR COLLEAGUES

Our goal is to have a loyal, diverse team of highly trained and engaged colleagues who are well rewarded and have opportunity to develop long-term careers with our group. Our colleagues care about:

- Job security and future prospects
- Being experts in the luxury watches and jewellery category
- Opportunities to learn, grow and progress
- Regular and relevant communications
- Fair salary and benefits
- Being part of a diverse and fair workforce
- Having the opportunity to have their say and engage with management

HOW WE ENGAGED IN FY22

- Engagement Surveys and understanding what matters to our colleagues
- Company conferences in Miami and London where the CEO launched Xenia – our new global Client Experience Programme
- Local Listening Forum meetings in UK and US and the first Global Listening Forum
- Consultation with our Listening Forum members and other colleague groups about our proposed new purpose and values
- Innovative and accessible communication portals including the launch of Workplace, a collaborative two way communication platform
- Town Halls led by the CEO and Divisional Presidents for important communication cascades about the businesses
- Free Share awards to all colleagues and the launch of share save plans
- Visits to showrooms by the Chair of the Board, other Board members and Senior Management

HOW DO WE MONITOR THE IMPACT OF OUR ENGAGEMENT

Through regular feedback particularly focusing on:

- Feedback from colleague forums
- Colleague Engagement Survey scores
- Ongoing monitoring of whistleblowing reports
- Ongoing monitoring of gender targets and diversity metrics
- Review of working practice policies, particularly whistleblowing and the new Code of Ethics

INVESTORS

As a listed company we have a responsibility to provide the capital markets community with clear and consistent and balanced information on our progress. In turn we value investor feedback and participation, which are central to delivering consistent and profitable long term growth.

WHY WE ENGAGE WITH OUR INVESTORS

Engagement with investors helps us to understand their views and priorities. The feedback that we receive informs our decision-making and influences the long term strategy of the Company. As a publicly listed company, we recognise the importance of communicating our strategy and business performance regularly, clearly and consistently.

HOW WE ENGAGED IN FY22

- Through a variety of communications and events, including meetings and roadshows, corporate website, monthly investor newsletter and our dedicated Investor Relations & Corporate Affairs Director
- Appointment of an external PR agency to oversee our financial PR programme, resulting in enhanced media and PR activity, with CEO interviews and press coverage
- The Company hosted a number of Senior Management-guided showroom tours in the UK and in the US along with other in-person events
- In July 2021 the Company held a Capital Markets event to launch the Long Range Plan
- Held an in-person Annual General Meeting
- Provided important information about our results, markets, business model and brand partners
- Invited major shareholders to participate in our first ESG materiality assessment to help prioritise ESG matters

HOW DO WE MONITOR THE IMPACT OF OUR ENGAGEMENT

Through regular feedback particularly focusing on:

- Reports after attendance at Roadshows following the Half Year and Full Year results presentations
- Analysis of AGM voting results
- Analysts and broker feedback
- Capital gains through share price appreciation
- Monitoring of share price trends

CLIENTS

Our clients are at the heart of every decision we make and the way in which they are made to feel is a primary focus. Providing an exceptional client experience is a major point of difference that sets us apart from our peers.

WHY WE ENGAGE WITH OUR CLIENTS
Our business and livelihood depend upon our clients. Building strong relationships with them, using the expertise of our retail teams ensure that we gain a deep understanding of their needs, allowing us to identify where we can support them.

HOW WE ENGAGED IN FY22

- Enhancing of Watches of Switzerland Group Service Standards via our new Xenia Client Experience Programme
- Expanding our Personal Appointment booking system, enabling clients to reach out to local store expertise remotely
- Enhancing online client experiences and expertise to be best in class client service, with the Luxury Watch and Jewellery Virtual Boutique
- In-store colleagues connecting with their clients using clienteling guides and CRM data on new product launches and product exclusives
- Engaging with our clients via social media and emails
- Introduction of the Watches of Switzerland Group Service Standards via our new Xenia Client Experience Programme
- A dedicated client service team ensuring clients receive the required support during their clienteling experience

HOW DO WE MONITOR THE IMPACT OF OUR ENGAGEMENT

Through regular feedback, particularly focusing on:

- Measuring client satisfaction through a variety of tracking methods including, Net Promoter Score ("NPS")/Podium
- Measuring the client experience via mystery shopping programmes to ensure consistency of our luxury service offering and the Xenia initiative
- Feedback from expert retail colleagues and client service specialists
- Dialogue with client focus groups
- Expanding and developing our business with existing clients
- Gaining new business with additional clients
- Online ratings

BRAND PARTNERS AND SUPPLIERS

We are proud of the long-standing partnerships we have developed with our brand partners and suppliers. Built on mutual trust and respect, we recognise the responsibility we undertake to represent the brands and contribute to their long term value appreciation. We nurture close relationships on an ongoing basis to drive social and environmental improvement, focusing on every step in our sourcing and manufacturing processes.

WHY WE ENGAGE WITH OUR BRAND PARTNERS AND SUPPLIERS

We maintain an active, cross-departmental dialogue to build long term relationships, capability and trust in order to provide sustainable products and solutions to clients. Working with them helps achieve our business and sustainability ambitions in the delivery of luxury products. We also engage with our non-product suppliers which provide services relating to areas including packaging, logistics and IT as well as our landlords and lenders.

HOW WE ENGAGED IN FY22

- Ongoing dialogue with our brand partners at global HQ and Divisional HQs introducing new ranges, including the launch of exclusive products
- Actively looking to identify distribution opportunities across new markets and delivering an agreed concept
- Expanding the mono-brand boutique channel, a format which allows a brand to be featured in a fully dedicated space and further enhance its market positioning
- Collaborating with brand partners to provide our colleagues with extensive training
- Developing line detail sales projections and product requirements to gain maximum advantage in product supply

HOW DO WE MONITOR THE IMPACT OF OUR ENGAGEMENT

Through regular feedback particularly focusing on

- Feedback from expert retail colleagues and client service specialists
- Alignment with client behaviour, especially around ecommerce
- Dialogue with clients
- Expanding and developing our business with existing clients and gaining additional clients

COMMUNITIES

Giving back to the communities in which we live and serve is central to our core values. Our aim is to be fully socially responsible and to ensure the wellbeing of our colleagues, brand partners, clients and communities. We believe that, in order to maintain their social licence to operate, businesses must invest in and benefit the places and communities that surround them. We can only grow our business when our colleagues, brand partners and suppliers and communities succeed alongside us.

WHY WE ENGAGE WITH OUR COMMUNITIES

One of our core values is that we care for our communities by being good citizens and actively supporting those in need. Both The Watches of Switzerland Group Foundation and the Company support a range of causes including partnerships with The Prince's Trust, Crisis and the Fuel Bank Foundation as well as a network of food banks in large city centres where the Group's colleagues and clients live.

HOW WE ENGAGED IN FY22

- We support the Foundation in creating long term partnerships that drive positive change within the communities we operate and help to relieve poverty as well as making the lives of young people better through education and opportunity
- Our colleagues in our support centres have taken part in volunteering programmes
- We are signatories of the British Retail Consortium's 'Better Jobs' Diversity & Inclusion Charter and are members of HRH Prince of Wales Responsible Business Network, Business in the Community

HOW DO WE MONITOR THE IMPACT OF OUR ENGAGEMENT?

Through regular feedback particularly focusing on:

- Updates from the ESG Board Committee
- Updates from the Chair of The Watches of Switzerland Group Foundation
- Feedback from the Listening Forums

PURPOSE, CULTURE AND VALUES

With our highly engaged colleagues, brand partners, scale and expertise, we are uniquely positioned to WOW our clients while caring for our colleagues, our communities and our planet: this is our Purpose.

Supported by an inclusive culture of transparency and collaboration, we are embracing our stewardship responsibilities and making a tangible positive difference within our society and helping to safeguard our planet for future generations.

OUR PURPOSE

To WOW our clients while caring for our colleagues, our communities and our planet.

OUR VALUES

WE EARN TRUST & CONFIDENCE

By being true to ourselves and honest and transparent with our colleagues, our clients and our brand partners

WE TREAT EVERYONE WITH RESPECT

By working together to cultivate a secure and supportive workplace, with equal opportunities and respect

WE CARE FOR OUR COMMUNITIES

By actively engaging in our community and supporting those in need

WE PROTECT OUR PLANET

By working with our industry and other stakeholders to minimise our impact on the environment

WE ADVOCATE FOR OUR INDUSTRY

By proactively promoting the interests and responsibilities of the luxury watch and jewellery sectors in our markets

WE DO THE RIGHT THING, ALWAYS

By making the right decisions for the benefit of our colleagues, stakeholders and wider society

OUR SUSTAINABILITY PILLARS

	PEOPLE	PLANET	RESPONSIBLE SOURCING
Goals	– Attract and grow a loyal, diverse team of highly trained and engaged colleagues, who are well rewarded for their expertise and are committed to careers in our Company – Support our local communities	– Take climate action to achieve Net Zero emissions by 2050 – Help clients reduce their environmental impact by extending the life of products through repair, recycling and resale, as well as promoting innovation and advancement such as more sustainable design and packaging	– Make sure every item we sell is responsibly sourced from a supply chain free from forced labour
Supporting United Nations Sustainability Development Goals (SDGs)	1. No poverty 2. Zero hunger 3. Good health and well-being 4. Quality education 5. Gender equality 8. Decent work and economic growth	7. Affordable and clean energy 12. Responsible consumption and production 13. Climate action 15. Life on land 17. Partnerships for the goals	8. Decent work and economic growth 12. Responsible consumption and production 13. Climate action 17. Partnerships for the goals
FY22 Performance Highlights	– Colleague engagement score of 86% with 85% participation – 50 free shares awarded to all colleagues – 48% take up of UK Save As You Earn (SAYE) and 32% take up of US Employee Stock Purchase Pan (ESPP) – Ranked #11 in the FTSE 250 Women Leaders Review – Donated £4.5 million to date to The Watches of Switzerland Group Foundation to support local communities	– Set near term targets aligned to 1.5°C in line with the Paris Climate Agreement – Grew our After-Sales and Servicing business by 59% across the Group – Increased Group sales of pre-owned watches by 121% – 100% of our UK properties now powered by renewable sources	– Completed a review of our supply chain due diligence – Developed and piloted a bespoke responsible sourcing programme in line with our Supplier Code of Conduct and industry best practice

We continue to grow our business, while reducing our impact on the environment, investing in our people and supporting good causes.

Our progress in reporting our ESG performance was recognised by FTSE4Good in November 2021, with our inclusion in the FTSE4Good UK index.

We achieved the Fair Tax Mark accreditation in February 2022, which recognises organisations that pay tax responsibly.

In April 2022, our Mappin & Webb business was assessed against new sustainability criteria and awarded a five-year extension to its Royal Warrants to Her Majesty the Queen and His Royal Highness The Prince of Wales.

PARTNERSHIPS TO ACHIEVE THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

We understand business can play an important part in tackling environmental and social issues and are working with partners and specialist organisations with a shared vision and shared goals to make a greater impact.

We are active members of organisations with a focus on purposeful business, including the British Retail Consortium, the Government's All-Party Corporate Responsibility Group and the Responsible Business Network, Business in the Community.

We are also members of the National Association of Jewellers and through The Watches of Switzerland Group Foundation, partner with charities such as The Prince's Trust and Crisis to support and care for our local communities.

In line with our Purpose, we joined over 1,200 other organisations in April 2022 to support a campaign for a Better Business Act, which, if successful, will amend Section 172 of the Companies Act to place environmental and social considerations at the heart of businesses' decision-making processes.

OUR APPROACH

We are committed to our value to 'do the right thing, always', and operate a responsible and ethical business by aspiring to best practice and understanding stakeholder expectations, then making sure this is reflected in our business decisions.

We aim to deliver continuous improvements across our environmental and social activities through collaboration with stakeholders as partners, innovation, and directly or indirectly investing in initiatives which benefit our colleagues, clients and local communities.

To ensure a systematic approach to ESG risk management, we have developed a detailed ESG risk register, which allows us to formally monitor our risk profile and manage changes at the appropriate levels, mitigating or removing risks to our business operation before they materialise. Our risk management framework also allows us to identify and act on opportunities arising from a changing climate. More information can be found in our Task Force for Climate-Related Financial Disclosures Statement on pages 138 to 147 and also Risk Management on pages 156 to 158.

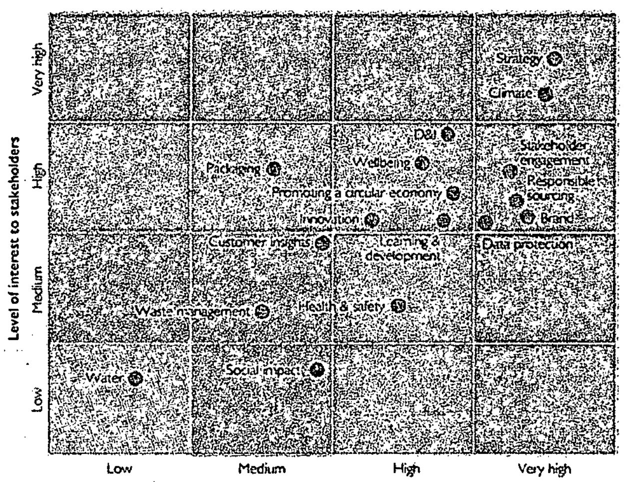
MATERIALITY ASSESSMENT

We invited stakeholder groups to participate in a materiality assessment to help us identify ESG aspects that matter most to them.

This feedback was used to help test and develop a sustainability strategy that delivers value for all and has been mapped against our ESG risk framework for full transparency.

A review of our materiality assessment will take place on an annual basis.

MATERIALITY MATRIX



DEVELOPING OUR PURPOSE AND SUSTAINABILITY STRATEGY

Our sustainability strategy was developed in parallel to our newly defined purpose and values. Central to this work, is our core value to 'do the right thing, always', in everything we do.

JUNE 2021
- ESG Committee is established by the Board to oversee the development of our sustainability strategy and ensure its successful implementation across the Group
- Brian Duffy, CEO, takes Board level responsibility for, and oversight of, the development and delivery of the sustainability strategy

AUGUST – OCTOBER 2021
- A dedicated Head of ESG is appointed to help further define and drive our sustainability agenda
- A comprehensive ESG gap analysis is carried out
- We undertake a series of colleague engagement workshops across our Group to define the Group's unique points of difference, which informs the foundation for our purpose and values
- The ESG Committee approves a strategic framework, centred around three strategic pillars: People, Planet and Responsible Sourcing
- ESG Working Groups are established to support with ESG strategy scoping and delivery

NOVEMBER – JANUARY 2022
- A specialist consultant is brought in to facilitate dedicated focus groups to refine our purpose and values
- Work begins socialising our purpose and values across our wider business, including with our Colleague Listening Forum
- Our new CFO, Bill Floydd, takes operational responsibility for the development and delivery of our sustainability strategy

ESG GOVERNANCE

A dedicated ESG Committee was established by the Board in June 2021 and is a Committee of the Board. It is chaired by Rosa Monckton MBE, Non-Executive Director. Brian Duffy, CEO, takes responsibility for ESG matters at an Executive level and is also a member of the ESG Committee. The Committee plays an active role in the development and delivery of the Group's sustainability strategy, by ratifying key decisions, ensuring alignment with United Nations Sustainable Development Goals and providing accountability against KPIs.

The Committee meets at least three times a year and is supported by an ESG Steering Group, which is comprised of executive level leaders, each with formal operational responsibility for the management of environmental, social and governance issues. The Steering Group is chaired by our CFO and driven by an experienced Head of ESG, who was appointed in August 2021 to help further establish and drive our ESG agenda.

The Steering Group meets once a month and exists primarily to oversee the development of a progressive sustainability strategy and ensure its successful implementation across the Group.

Rosa Monckton MBE, The Chair of the ESG Committee and Non-Executive Director of the Watches of Switzerland Group PLC

ESG GOVERNANCE

BOARD

ESG COMMITTEE
Committee of the Board

TRADING BOARD
Weekly

ESG STEERING GROUP
Monthly

SUBJECT MATTER EXPERTS*

People Working Group

Planet Working Group

Responsible Sourcing Working Group

* Includes internal and external experts.

- A new ESG Steering Group is introduced to help embed ESG practices across our Group
- Key stakeholders including colleagues, investors and supplier partners are invited to participate in our Materiality Assessment to test and further shape our sustainability strategy
- ESG is included in the Group's seven strategic priorities

FEBRUARY – APRIL 2022

- Our purpose and values are approved by the Board, along with our sustainability strategy and strengthened ESG governance structure
- Work begins embedding our purpose and values into everything we do

- In line with our new purpose, we support calls for a 'Better Business Act' and an amendment to Section 172 of the UK Companies Act, to empower directors to give people and planet the same consideration as profit

MAY 2022

- Full launch of new purpose and values, to support our developing sustainability strategy

CARING FOR OUR COLLEAGUES AND COMMUNITIES

SUPPORTING UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS

PERFORMANCE HIGHLIGHTS

- Colleague engagement score of 86% with 85% participation
- Ranked #11 in FTSE 250 Women Leaders Review and are Parker Review compliant
- 50 free shares awarded to all colleagues
- 48% take up of UK Save As You Earn (SAYE)
- 32% take up of US Employee Stock Purchase Plan (ESPP)
- To date, donated £4.5 million to support our communities through The Watches of Switzerland Group Foundation

AREAS OF FOCUS

- Embedding our new purpose and values into business as usual
- Diversity & Inclusion
- Attracting the best talent as our business grows
- Supporting the health and wellbeing of colleagues across the Group

"As our Group continues to grow rapidly, we were honoured to invite everyone to share in our future success with a gift of free shares followed by the launch of new share save plans. The Watches of Switzerland team is one I am very proud to lead."

BRIAN DUFFY
CEO

At the Watches of Switzerland Group, we are committed to creating an inclusive culture where colleagues grow, thrive and build long term careers; FY22 has seen a number of initiatives to support this.

In a year of unprecedented growth for the Group, we invited colleagues to share in our success with the grant of a free share award in December 2021 and the launch of new share save plans in January 2022.

Laying the foundation for our future people strategies, we reviewed our purpose and values and came together globally for the first time with the creation of Xenia – our Client Experience Programme – developed in conjunction with the Ritz-Carlton Leadership Centre, see the Strategy in Action pages on 96 to 105. We successfully piloted and launched Workplace, a two-way, engaging communications platform, in both the US and UK and we are looking forward to this new social channel underpinning our communications in the years to come. The new purpose and values were launched in May 2022.

In January 2022, we saw the benefit of looking after our teams during lockdown when 85% of colleagues participated in the second Company-wide engagement survey and told us that they were more engaged than ever. Our Diversity Council and Listening Forums provided us with feedback about a range of issues and in April 2022, we held our first Global Listening Forum chaired by the CEO and the Designated Non-Executive Director for Workforce Engagement.

November 2021 also saw the completion of charitable status for The Watches of Switzerland Group Foundation, with the initial planned company donation of £3 million across FY21 and FY22. This was enhanced by a further donation of £1.5 million, making a total cash contribution to the Foundation of £4.5 million in FY22.

Finally, this year saw a smooth CFO transition when Anders Romberg retired, and Bill Floydd joined the business. We also saw the appointment of David Hurley as President North America & Deputy CEO and Craig Bolton as President UK & Europe, together with the recruitment of a number of high potential new hires to our leadership team to support our future expansion and growth.

COLLEAGUES AS SHAREHOLDERS

In December 2021, we were pleased to invite all colleagues to become shareholders with a gift of 50 free shares to say thank you for all their hard work. The shares will vest in three years' time, subject to continued employment with the Group.

In January 2022, following feedback from the Listening Forum, we launched share save plans in the UK and US and were delighted to see industry beating participation – reflective, we hope, of colleagues' intention to stay with the Group in the long term.

Plan	Eligible Colleagues	# Participants	%	Average saving
US ESPP	406	131	32%	US$219
UK SAYE	1,860	898	48%	£147

'HOW ARE WE DOING?' ENGAGEMENT SURVEY

Just prior to the pandemic in March 2020, we conducted our first 'How Are We Doing?' Company-wide engagement survey. Initially planning to defer the second survey to Autumn 2021, we decided to run it again in January 2022 to mirror the post peak trading timing of the first survey.

Unsure how colleagues would be feeling after two years of disruption and upheaval, we were reassured to know that teams were still highly motivated and feeling very positive about working for the Company. Engagement increased from 85% to 86% across the Group and the response rate was 85%. We saw improvements and some of the highlights are as follows:

I understand how my work contributes to the success of the Company	96% agree/strongly agree
I feel positive about the future success of the Company	94% agree/strongly agree
I feel committed to the Company's goals	92% agree/strongly agree
I believe the Group leadership team has a clear vision for the future of the company	91% agree/strongly agree
I am proud to work for this Company	90% agree/strongly agree

We were also pleased to see that, in response to the two 'hot topic' questions we asked about the pandemic, colleagues responded very positively in light of the range of measures put in place as we returned to work.

In response to the Coronavirus pandemic, I believe the Company has reacted positively with regard to colleagues	87% agree/strongly agree
In response to the Coronavirus pandemic, I believe the Company has reacted positively with regard to optimising the business	92% agree/strongly agree

Overall, we are very proud of our highly engaged workforce and the leadership teams that have supported our business over the past two years. Group, divisional and individual action plans are currently underway to address areas where we can further improve such as a desire for even more opportunities to progress and the growing post-pandemic request for more work/life balance.

LISTENING FORUMS

We established our UK and US Listening Forums in FY21, and the UK and US teams met twice separately in FY22 and once collectively for the first Global Listening Forum in April 2022. The global meeting was co-Chaired by Brian Duffy, CEO and Rosa Monckton, Designated Non-Executive Director for Wider Workforce Engagement. David Hurley, President North America & Deputy CEO, Craig Bolton, President UK & Europe, Ruth Benford, Executive Director Marketing, Nikki Zamblera, Executive Director HR and Shirley Ingold, Vice President L&D and HR US were also in attendance. 22 representatives from across the Company put a number of questions to the Senior Executive team and were invited to hold an open forum at the end of the meeting. Rosa Monckton reported back to the Board on 5 May 2022.

As a direct result of feedback received from the UK Listening Forum, a number of enhancements to our UK benefits packages were launched in May 2022.

50

FREE SHARES ISSUED TO ALL COLLEAGUES

86%

FY22 COLLEAGUE ENGAGEMENT

DIVERSITY & INCLUSION

We recognise the many benefits a diverse workforce can bring and embrace all talent regardless of gender, race, sexual orientation, disability, age, mental status, background, family responsibilities, political or philosophical beliefs.

A culture of inclusion underpins all of our management decisions, actions and behaviours and it was reassuring to note from our engagement survey that 81% of colleagues agreed or strongly agreed with the statement *'I work in an environment where everyone can feel included, respected and accepted for who they are'*. Our Diversity Policy ensures that development, promotion, opportunity and enhancement are based solely on objective, measured criteria relevant to the situation and full and fair consideration is given to job applications from disabled persons.

Our Board believes it is critical that its membership includes a diverse mixture of skills, experience, expertise, gender, tenure, ethnicity, cultural and social backgrounds together with diversity of thought. To this end, the Board reviewed its Diversity Policy in May 2022 to reflect the new targets laid out by the FTSE Women Leaders Review. On this note, we were pleased to move to from #98 to #11 in the 2022 FTSE 250 Women Leaders Review ranking and to rank #3 in the FTSE ranking for consumer goods and services. We already comply with the Women Leaders Review's new recommendations and with the Parker Review targets.

- FTSE Women Leaders Review: 43.5% of the Executive Committee and their direct reports are women
- 42.8% of Board members are women
- Tea Colaianni is our Senior Independent Director
- One member of our Board is from a minority ethnic background

With regard to mandated gender pay reporting, we only have a pay gap in the upper quartile of the business and are pleased to note progress in closing this gap as our senior team continues to grow. Our Gender pay gap report can be found on our website thewosgroupplc.com.

We are honoured to be founder members of the Diversity in Retail (DiR) network chaired by Tea Colaianni, Senior Independent Director, and we take an active part in driving the agenda for our sector. Laura Battley, Company Secretary & General Counsel sits on the DiR Advisory Board and also sits on the judging panel for the UK Social Mobility Awards.

Our Diversity Council was established in April 2021 and has met three times. Co-chaired by Laura Battley, Company Secretary & General Counsel and Nikki Zamblera, Executive Director HR, council members have provoked some interesting and lively debate and our focus for this year was the importance of role models. We were therefore very proud when Anuradha Chopra, Deputy Manager of our Goldsmiths showroom in Leicester and Diversity Council member was named a Role Model for Inclusion in Retail in the 2022 Diversity in Retail Index. Anu also graduated from the first DiR Future Ethnic Leaders Programme earlier in the year.

The Diversity Council has a dedicated channel on our communications platform Workplace and one of its first initiatives was the creation of a cultural events calendar.

During the year, we launched Diversity, Equity and Inclusion training in the US and made its completion mandatory. We will be rolling out similar training in the UK in FY23.

We are signatories to the British Retail Consortium's Better Jobs Diversity & Inclusion Charter and Business in the Community's Race at Work Charter where Laura Battley acts as executive sponsor. Additionally, a number of our female executives are proud to serve as Ambassadors for Retail Week's Be Inspired programme participating in a number of activities including speed mentoring during the course of the year. Nikki Zamblera and Laura Battley also serve on their advisory board. In April 2022, Laura chaired a pop-up board for the DiR Ethnic Senior Leaders Programme. Finally, we are pleased to be supporting the 10,000 Black Interns initiative and are looking forward to welcoming three interns to our Leicester support centre over Summer 2022.

"Our goal is to attract and grow a loyal, diverse team of highly trained and engaged colleagues who are well rewarded for their expertise and committed to developing their careers with the Watches of Switzerland Group."

BRIAN DUFFY
CEO

HEALTH & WELLBEING

The wellbeing of our teams became a particular focus during the pandemic and colleagues' physical and mental health continues to be an extremely high priority.

In July 2021, we launched a new health and wellbeing app in the UK. 'bhsf Connect' provides 24/7 access to counselling and GP services; a legal helpline; a neurological helpline; carer support; money management; 'MyMindpal'; self-help literature and access to a health and wellbeing calendar. Over 900 colleagues have registered as users and there have been over 9,000 visits to the site. 'MyMindpal' has been visited over 700 times and the smarter spending tile has been accessed nearly 4,000 times. The app has been extremely well received.

Towards the end of FY22, we piloted a two-day Mental Health First Aiders programme which received extremely favourable feedback from attendees who found it very helpful and thought provoking. We intend to roll this out to a broader group, including the US, in FY23.

Our Menopause Policy was launched in May 2022 and was positively received by both line managers and colleagues.

In the US, 241 colleagues from Mayors and the corporate offices participated in the wellness programmes which included completion of a health assessment and the completion of a biometric test by a third-party diagnostic health provider. Finally, as result of feedback from the Listening Forum, all UK colleagues were enrolled in a Health Cash Plan, and everyone was given an extra day's holiday in order for them to celebrate their birthday. Similar benefits are already in place for our US colleagues.

HEALTH & SAFETY

We are committed to maintaining safety standards that comply with legislation and enable colleagues to be confident that their workplace is safe. Our Health & Safety Policy applies to all business activities and premises to ensure the health, safety and welfare of our colleagues, clients and visitors. A Health & Safety Committee comprising senior leaders from our UK and US operations meets regularly and a rolling review and audit programme is in place. A formal mechanism for reporting accidents is in place and we work closely with third-party provider, Ensafe.

"

"A highly educational experience with fantastic resources, this course has given me the confidence and tools to provide real support as a mental health first aider."

LISA MITCHELL
HEAD OF VIRTUAL BOUTIQUE

LEARNING & DEVELOPMENT

We place the highest premium on learning and development and our colleagues are proud of their deep product knowledge and expertise.

Whilst our primary focus this year was the launch of Xenia – The Art of Hosting (for further information see page 96) we also welcomed many new colleagues to the business with 16 new mono-brand boutique openings in the UK and US and the acquisition of three businesses in the US including Betteridge, which becomes a new brand for the Group. Comprehensive induction programmes were put in place and in the UK, colleagues working in the new luxury Goldsmiths' showrooms also attended a six-module training programme.

Throughout the year, we ensured that colleagues stayed informed and educated about new products and product innovations with monthly e-learning modules showcasing new product launches. Specific brand training with partner brands such as Rolex, Patek Philippe, OMEGA, Breitling, TAG Heuer and TUDOR, continued to be a priority.

46,000

RECOGNITIONS IN THE UK ON OUR VIBE AND BRILLIANCE PLATFORMS

In the UK, colleagues completed over 33,000 hours of e-learning and each month over 1,480 learners logged onto the platform. Modules range from brand and product knowledge to compliance topics such as whistleblowing and anti-money laundering.

We have an established range of in-house training and development programmes including Bronze and Silver Academies and this year rolled out My Personal Development Journey for support colleagues – this is a digital, learning library containing over 100 learning activities.

In the US, in addition to supporting the significant growth of the business, our range of training programmes includes watches and jewellery brand training, management development programmes and selling skills. The e-learning platform was used for compliance and operational training. In all, teams in the US attended over 12,600 hours of training including more than 1,800 hours of watches and jewellery training and 900 hours of specialised jewellery training.

With the Xenia pillars forming the new global foundation for client experience and the relaunch of our purpose and values, our teams have never been more focused and determined to deliver.

COLLEAGUE RECOGNITION

Our VibE and Brilliance recognition platforms continue to be appreciated by colleagues across the UK with over 46,000 recognitions given over the course of the year.

In the US, the Celebrating Success programme is used to recognise individual and team achievements.

Since the launch of Xenia, we have been most proud to share the special 'WOW Me' moments that colleagues have created for their clients.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE
continued

TALENT & SUCCESSION

As our business grows and develops, the ability to attract and retain talent is key. Our goal is to attract and grow a loyal team of highly trained, diverse and engaged colleagues who are committed to developing their careers with the Group.

In a difficult macro recruitment market, the strength of our talent planning and acquisition was showcased this year by our significant growth which saw headcount across the Group increase and the appointment of new regional roles in the UK to support the mono-brand boutique expansion. The US leadership team was strengthened by the appointment of several new senior positions as the organisation continues to grow. In June 2022, we began our European mono- brand boutique expansion with the opening of our first showroom in Stockholm. For further information see page 104.

We continue to enjoy our success in attracting talented and high calibre candidates to the Group despite market pressures.

FY22 also saw the appointment of Bill Floydd as CFO, following the retirement of Anders Romberg and additionally the promotion of David Hurley to President North America & Deputy CEO and Craig Bolton to President UK & Europe to reflect the growing size of their respective businesses.

27
INTERNAL PROMOTIONS IN THE US

92
INTERNAL PROMOTIONS IN THE UK

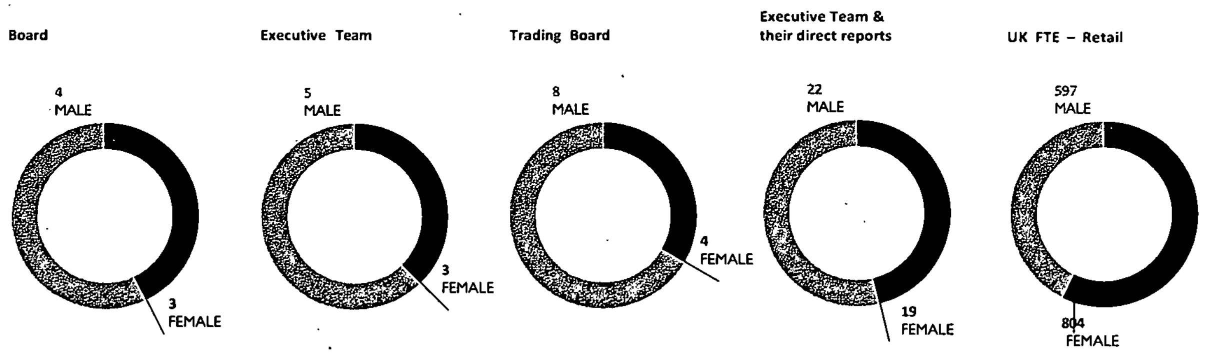
COLLEAGUE RELATIONS

We place high regard in treating all colleagues fairly and have well established procedures to enable colleagues to raise grievances formally or informally.

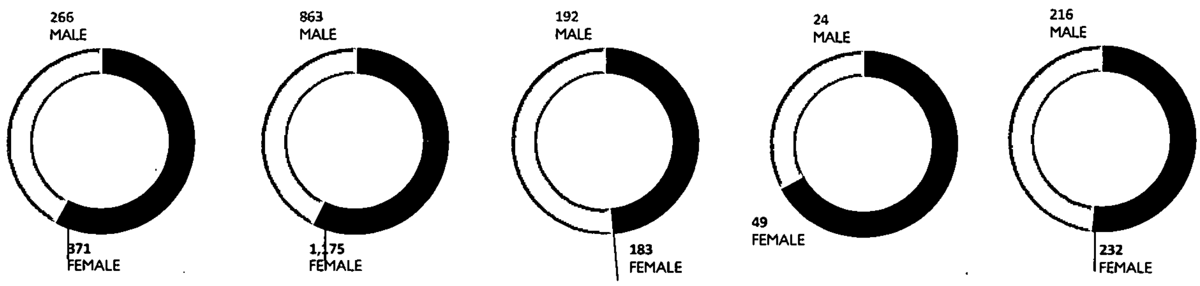
We have a third-party whistleblowing line, which is supported by a Whistleblowing Policy and mandatory e-learning.

On the few occasions we have needed to enter into redundancy consultations, for example, due to the ending of a showroom lease, we go through a full consultation process and make every effort to relocate colleagues. We see redundancy as a last resort when all other avenues have been exhausted.

COLLEAGUE GENDER STATISTICS AS AT 1 MAY 2022



UK FTE – Support **UK FTE – Total** **US FTE – Retail** **US FTE – Support** **US FTE – Total**


266
MALE
371
FEMALE
863
MALE
1,175
FEMALE
192
MALE
183
FEMALE
24
MALE
49
FEMALE
216
MALE
232
FEMALE

THE WATCHES OF SWITZERLAND GROUP'S CHARITABLE ACTIVITIES

SUPPORTING UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS

"I am delighted that in FY22, The Watches of Switzerland Group Foundation was registered as a charity. A high-profile Trustee Board has been appointed and over £1.3m of the funds paid to the Foundation have now been distributed. With the support of colleagues, we look forward to the significant impact the Foundation will make to those in need in our local communities."

BRIAN DUFFY
CEO THE WATCHES OF SWITZERLAND GROUP & CHAIR OF THE WATCHES OF SWITZERLAND GROUP FOUNDATION

Supporting our local communities has always been an important part of the Watches of Switzerland Group's culture and our approach to giving continues to be focused on charities with whom we can develop long-standing personal relationships and work together to create change.

In some cases, this means partnering with established national or international charities to fund specific projects or outcomes and in others it means supporting much smaller charities such as food banks with both funding, expertise, and the opportunity to benefit from the wider network we have created.

Whilst traditional outcomes are not always easy to consistently compare across the range of charities we support, we believe passionately in the difference the depth and breadth of the impact our involvement can make.

The Watches of Switzerland Group Foundation was incorporated as a company in October 2020 and was registered as a charity by the UK Charity Commission in November 2021. The initial planned Company donation of £3.0 million across FY21 and FY22 was further enhanced by an additional donation of £1.5 million making a total cash contribution to the Foundation of £4.5 million in FY22. The Trustees of the Foundation have since approved donations of £1.57 million and paid £1.37 million to its chosen charities.

£4.5m

FUNDING FOR THE FOUNDATION TO DATE

THE FOUNDATION – TRUSTEES OF THE BOARD

The Watches of Switzerland Group Foundation US was incorporated in September 2021 and received its tax exempt status in May 2022. As a consequence, the US Foundation will begin disbursing funds in FY23. £1.5 million of funding has been allocated to the US Foundation to date.

The Foundation does not respond to requests from other charities but instead selects specific strategic partners or projects that will directly impact the communities where our colleagues and clients live and serve. The Foundation's charitable purposes and aims have been identified to further enhance the Group's previous charitable initiatives. The charitable objects are:

- The prevention or relief of poverty
- The advancement of education
- The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage

> "Our new partnership with The Watches of Switzerland Group Foundation is unique. Through collaborating we will extend and develop Fuel Bank services in around a dozen foodbanks that the Watches of Switzerland Group is already supporting. This will be transformative for the families who are being supported because they will not only receive food, but also the energy needed to cook it."
>
> MATTHEW COLE
> CEO, THE FUEL BANK FOUNDATION

FOOD BANK PROGRAMME

In response to the growing food poverty crisis caused by the impact of the pandemic, we launched our Food Bank Programme in June 2020, prior to the formation of the Foundation. This programme has evolved to become one of our biggest projects so far and the Foundation has now undertaken to continue the work started by the Company.

In the UK, all of the food bank charity partners are members of the Trussell Trust, and five strategic partners and six city centre hubs are currently supported:

Strategic Partners	City Centre Hubs
Euston Foodbank	Birmingham Central Foodbank
Glasgow SE Foodbank	Bristol – inHope (Bristol) Ltd
Leicester South Foodbank	Cardiff Foodbank
Manchester Central Foodbank	Edinburgh Northwest Foodbank
Newcastle West End Foodbank	Kingston – Doxa Deo Community Church
	Liverpool – St Andrew's Community Network

Strategic projects being supported include the establishment of a mobile pantry project in Newcastle; the creation of a Regional Distribution Centre in Leicester and the relocation of the Euston Food Bank to premises that are much more fit for purpose.

In the US, the Company has previously partnered with Feeding South Florida, 3 Square in Las Vegas and the New York City Food Bank.

	Pre-Foundation Donations	Foundation Donations December 2021	Foundation Donations March 2022	Total to date
UK	£175k	£325k	£150k	£650k
US	US$100k	US$260k	–	US$360k

Prior to the establishment of the Foundation, the Group created a network amongst its food bank partners where ideas and thoughts could be shared. The Foundation continues to support this network and in FY22 and FY23 has embarked on a new strategic partnership with the Fuel Bank Foundation. Funded by an initial donation of £200,000, the Fuel Bank Foundation will work with food banks in our network to provide relief from crisis fuel poverty for those in need. Both the Foundation and the Group are excited by this new initiative and look forward to monitoring its impact over the coming year.

Since April 2022, when Leicester South Food Bank began to welcome volunteers again, teams of up to eight colleagues in our support centre volunteer every Friday. Additionally, in June 2022 we rolled out a volunteer programme, for our colleagues in London, to support the Euston Food Bank.

THE PRINCE'S TRUST

After many years of support for The Prince's Trust, originally through Mappin & Webb, we were pleased to announce a group-wide partnership in FY19. Since then, our funding has supported 3,240 young people in the UK.

In February 2021, the Group was honoured to sponsor the launch of The Prince's Trust USA. Brian Duffy joined HRH The Prince of Wales and Global Ambassador, Lionel Richie to co-host this virtual networking event attended by over 400 guests. In April 2022, we were pleased to support the live version of this event at The Prince's Trust Global Gala evening held in New York.

In the UK, the Company continues to sponsor the Prince's Trust National Award for Young Changemaker of the Year and Brian Duffy joined Fearne Cotton and David Harewood on stage at the Drury Lane Theatre, London to present the award in the presence of HRH The Prince of Wales. We are also delighted that the Watches of Switzerland Group will be the headline sponsor for the Prince's Trust Palace to Palace Bike Ride, which will take place in September 2022.

In FY22, the Foundation has donated a further £325,000 towards core education programmes which will support young people in developing their confidence, resilience and key skills. Additionally, this donation will support the Trust's new Education Hub and a new employability pilot in the Leicester area.

	Pre-Foundation Donations/Funds Raised	Foundation Donations December 2021	Foundation Donations March 2022	Total to date
UK	£475k	£250k	£75k	£800k

"The disruption caused by the pandemic has taken a real toll on young people's education. Through our partnership with the Watches of Switzerland Group, we can give more students the tools they need to raise their aspirations and build the confidence to kickstart their future careers. This year, the Watches of Switzerland Group have increased their financial support through their Foundation and will also be the sponsor of the 2022 cycling challenge, Palace to Palace, helping us to raise even more funds to support young people over the UK."

JONATHAN TOWNSEND
CEO, THE PRINCE'S TRUST

3,240

YOUNG PEOPLE SUPPORTED THROUGH EDUCATION PROGRAMMES AND THE YOUNG PEOPLE RELIEF FUND OVER THE PAST THREE YEARS

CRISIS

In December 2021, the Group began its partnership with Crisis by supporting the Crisis at Christmas campaign with a donation of £25,000, helping Crisis support 511 guests with somewhere safe to stay over Christmas.

The Foundation subsequently approved a proposal to support Crisis' Clinical Psychologists with a donation of £175,000 (underwriting 21% of the salary cost). Crisis Clinical Psychologists intensively support a small cohort of members with complex trauma and sit within Crisis' wider wellbeing offer which supports people on their journey out of homelessness.

	Pre-Foundation Donations 2021	Foundation Donations December 2021	Foundation Donations March 2022	Total to date
UK	£25k	£75k	£100k	£200k

PRINCE & PRINCESS OF WALES HOSPICE

The Prince & Princess of Wales Hospice, in Glasgow, provides specialist palliative care to young people and their families. 1,200 patients are looked after every year. In December 2021, Brian Duffy was delighted to host a fundraising event at London's Quaglino's which saw Texas performing pro bono and raised more than £430,000 towards the £5 million annual cost of care and services.

	WOSG Fundraising 2021	Foundation Donations December 2021	Total to date
UK	£434k	£100k	£534k

RED CROSS FOR UKRAINE

In response to the war in Ukraine, the Foundation trustees approved a donation of £100k to the emergency Red Cross Ukraine Crisis Appeal to help those impacted by the conflict.

FY22 IMPACT REPORT

Food Bank Programme	Fuel Bank Foundation Partnership Newcastle Pantry Project commenced Leicester South Food Bank Regional DC project Support for 8 further regional city centre Food Banks
The Prince's Trust	840 Young People helped through education programmes 400 young people supported through Education Hub
Crisis	52 Crisis Members receiving intensive support
Prince & Princess of Wales Hospice	Over £500k towards annual running costs

We are very proud of the progress we have made with our community support projects in the UK in FY22 and look forward to making similar progress in the US. In terms of proportion of funds allocated to the UK and US respectively, it is intended that funds will be allocated from the Foundation in a way that broadly replicates the revenue split between the UK and the US, with two-thirds of funds being donated to UK charities and one-third to US charities.

Whilst the Foundation allows us to channel our strategic community projects, we also know that colleagues often have personal affiliations and causes dear to their hearts. We were therefore delighted to announce that from FY23, we will be offering matched giving as part of our established payroll giving programme.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE
continued

CARING FOR OUR PLANET

Protecting our planet is enshrined in our Company Purpose and is a key consideration in our decision-making processes.

SUPPORTING UNITED NATIONS SUSTAINABILITY GOALS

PERFORMANCE HIGHLIGHTS

- Committed to achieving Net Zero emissions by 2050 and set near term targets aligned to 1.5°C in line with the Paris Climate Agreement
- Grew our After-Sales and Servicing business by 59% across the Group
- Increased Group sales of pre-owned watches by 121%
- Conducted a Climate Scenario Analysis to identify climate-related physical and transition risks and opportunities
- 100% of UK properties within our control are now powered by renewable energy sources

AREAS OF FOCUS

- Participation in CDP climate change questionnaire for the first time, to help build an in-depth understanding of climate related risk to review and reduce our carbon impact
- Leveraging technology to gain primary emissions data from suppliers and improve collaborative performance to achieve Net Zero emissions by 2050
- Encouraging suppliers to align with well-recognised sustainability standards or certifications and incorporating sustainability targets in tender processes and contract terms
- Helping clients to reduce their environmental impact by extending the life of products and promoting innovation and sustainable design
- Significantly grow the sale of pre-owned watches in FY23

As part of our continual improvement and in acknowledgement of the serious risks posed by climate change, in FY22 we strengthened our governance mechanisms to address climate-related issues as a top business priority.

Across our Group, we support the transition to a low carbon economy and have set near term Science Based Targets (SBTs) aligned to 1.5°C under the Paris Climate Agreement, with the aim of achieving Net Zero emissions by 2050.

We are driving continuous improvement in carbon reduction and energy efficiency through our procurement decisions, the design and modification of our showrooms, facilities management, transportation and by switching to renewable energy sources.

With the help of our suppliers, we are growing our range of products with environmental and social attributes and are helping our clients reduce their environmental impact by extending the life of watches and jewellery through repairs and reuse, as well as promoting innovation and advancements in sustainable design and packaging.

BUSINESS IMPACTS

Through our business operation, we have the potential to impact the environment through the production and retailing of products, energy use, transportation, water, waste and the extraction of metals and gemstones.

We are reducing our use of natural resources and engage in ongoing initiatives to promote the more efficient use of energy and water. We strive to minimise waste through avoidance and recycling, and adopt the principles of a circular economy within our business model and operation, to keep watches and jewellery, their components and materials at their highest utilisation and value throughout their lifecycles.

ENVIRONMENT POLICY

The Watches of Switzerland Group Environmental Policy, which was approved by the Board in January 2022, sets out our commitment to the continual improvement of the management and operation of our activities to minimise any adverse effects on the environment and public health.

Our Supplier Code of Conduct and Supplier Manual specifically refer to legislative compliance, transparent dealings, managing risk, stakeholder engagement, supplier collaboration and conservation of resources. It also details our requirements in relation to the responsible production and retailing of products, energy use, transportation, water, waste and the sustainable extraction of metals and gemstones.

CLIMATE ACTION

The Group is taking action to combat climate change and its impacts. It has committed to achieving Net Zero emissions by 2050 and set the following near term targets aligned to 1.5°C in line with the Paris Climate Agreement:

Reduce Scope 1 & 2 emissions by 50% and Scope 3 emissions by 42% by 2030 from a baseline year of FY20.

At the time of this report, we were in the process of obtaining target validation with the Science Based Targets initiative (SBTi).

USING DATA TO DRIVE DECISIONS

We recognise the benefit of digital solutions to support collaboration, monitor environmental standards and achieve performance targets.

In FY22, we used the Greenhouse Gas (GHG) Protocol to measure carbon emissions across our Group and found that approximately 98% of our total emissions result from 'Purchased Goods and Services'. Without sufficient primary data to calculate this figure, we adopted a spend-based approach using emission factors from the Centre for Environmental Data (CEDA) database.

Gaining primary carbon emissions data from suppliers will help us to better understand the impact of the products we sell and significantly support the achievement of our near term goal to reduce Scope 3 emissions by 42% by 2030.

The EcoVadis global sustainability ratings platform incorporates a user-friendly carbon action module. From July 2022, every new and existing supplier will be asked to register with EcoVadis and use this module to record their carbon emissions data.

While our brand partners are highly active in reducing their impact on the environment and continually introduce more sustainable materials into their products, more accurate data received through EcoVadis will provide us with insights on GHG/carbon management practices within our supply chain and help us prioritise the necessary action to meet our targets.

ENERGY EFFICIENCY

In FY23, we will follow ISO50001 international energy management certification requirements, including enhancing our energy data, to better understand our energy sources and usage, so we can continue to make the right decisions to meet targets in line with our climate strategy.

Our energy management system includes implementing energy efficient technologies such as LED lighting, building automation systems and SMART metering to reduce energy waste.

We have a commitment to use LED lighting, wherever possible, in all showrooms and warehouses across the Group by 2025. By the end of FY22, 82% of UK and 41% of our US showrooms have been converted and this energy saving lighting is now standard in all new showrooms and major refurbishments. Lighting is controlled via Passive Infrared Sensor detection which automatically switch off at night. In the UK we are compliant with Phase 2 of the Energy Savings Opportunity Scheme and energy consumption is monitored on a site-by-site basis in collaboration with a specialist energy partner. See page 146 for our GHG Emissions table.

AFFORDABLE AND CLEAN ENERGY

We continue to work with new and existing landlords with the ultimate goal of powering all of our properties from reliable, sustainable and modern energy sources by 2025.

During the year, we achieved our target to transition to 100% Renewable Energy (RE) in the UK, with the exception of 19 shopping centre sites, which are operated by external landlords who are also committed to transitioning to RE or already operate RE contracts.

In the US, we are working with energy suppliers and landlords to power our properties from renewable sources, such as wind, hydro-electric and solar. Our largest US landlord, with 37% of our showrooms, has committed to reducing its Scope 1 and 2 GHG emissions by 68% by 2035, from a 2019 base year and transitioning to renewable energy sources is key to them achieving this.

BUILDING MANAGEMENT

Maintaining good relationships with our landlords is fundamental to the smooth and sustainable operation of our showrooms.

Our in-house facilities management team actively engage with our landlords to ensure our properties are well maintained and have the appropriate fire, gas and electrical safety certifications in place, which are subject to independent audits. In keeping with our historic brand image, we run a number of old, iconic premises that require particular attention in order to operate at optimum performance and be fully accessible for all colleagues and clients.

A changing climate and extreme weather events are likely to increase energy consumption associated with heating and cooling, so we invest in the most efficient and reliable Heating, Ventilation and Air Conditioning (HVAC) systems, which are regularly serviced in line with manufacturer's guidelines. We use R32 refrigerant gas and R410 A where there is no alternative. Temperatures are set and automatically switch off when colleagues leave the premises at night.

When searching for new retail premises and negotiating new leases, we prefer locations with green building certifications and 17% of our properties hold either a BREEAM rating or an equivalent green certification.

Our high-quality showroom fixtures and fittings are designed to last as long as possible. We do not use tropical hard woods and seek to use wood certified by the Forest Stewardship Council (FSC) in new showroom, workshop and office designs.

WATER EFFICIENCY

Water meter data is used to identify sites with excessive water use and resolve problems. As a retailer, our water-usage is relatively low, however, the introduction of electronic billing in FY22 allows us to compare year-on-year waste use and target areas for improvement.

We are working with experts to gather baseline data for our freshwater use intensity to benchmark an initial 70 showrooms and inform a plan to reduce water usage.

BIODIVERSITY

We consider biodiversity and the impact on nature as a factor in procurement decisions of products and services as well as in the design and modification of showrooms, offices, equipment, and processes. In the UK, we have plans to move into a new support centre in Leicester, which is set within 108 acres, including 32 acres of maintained woodlands and green spaces and are working with property designers to optimise the biodiversity of this site.

TRAVEL AND TRANSPORT

We recognise transportation is a significant contributor to global warming and have a number of initiatives in place to drive down emissions resulting from our business operations.

In line with our commitment to use solely electric or alternative fuel vehicles across our Group by 2030, we have updated our Company Car Scheme in the UK to offer a range of Electric Vehicles (EV) and Plug in Hybrid Electric vehicles (PHEV). 58% of our UK fleet is now EV or PHEV and we have a target of transitioning to a fully electric fleet by 2025. To support this scheme and encourage the wider use of electric vehicles, we have installed eight charging points at our Leicester support centre and plan to introduce more as required.

Colleagues are encouraged to cycle to work through our cycle to work scheme, which allows them the opportunity of purchasing a tax efficient bicycle and accessories. All UK support centres are also equipped with showering facilities and secure cycle parking.

Our Travel Policy requires colleagues to apply sound judgement before arranging business travel. Air travel is limited to journeys that are necessary to progress business objectives, and digital technologies are widely encouraged as an effective means of enabling collaborative working and maintaining engagement across our Group.

Our Virtual Luxury Boutique provides clients with an online concierge service, without them having to travel. In FY22, to further support a cleaner, greener, online experience, 13% of our total home deliveries in the UK were made by EVs.

We are also leveraging our procurement processes to prefer suppliers aligned with well-recognised sustainability standards, such as EcoVadis Sustainability Ratings. More information on how we are using EcoVadis to support our procurement decisions can be found on page 135.

In FY22, we trialled reverse collections from 80 viable UK retail showrooms, which resulted in 20% of all UK returns being transported more efficiently.

WASTE MANAGEMENT

We recognise the many benefits of effective waste management systems to prevent landfill, conserve natural resources, reduce costs and support a more circular economy, and are streamlining our business processes and leveraging data to gain a more accurate and cohesive picture of waste generation, reduction and disposal to support our goal to achieve zero waste to landfill across our Group.

In the UK, we have 49 separate waste management arrangements through shopping centre landlords and waste management companies, and each of these comply with all applicable legislation to ensure the responsible collection, transportation, monitoring, disposal and recycling of waste.

In UK Retail, our largest waste management provider supports 27% of our showrooms and reports that in FY22, less than 1% of all waste collected was sent to landfill. The majority of our shopping centre landlords also report low or nil waste to landfill rates.

Our support centres are serviced by a reputable waste management providers, who reported that in FY22, 99.9% of waste collected from our Leicester Support Centre and Millfield sites was diverted from landfill.

	FY20		FY21		FY22	
	Waste in Tonnes	% to Landfill	Waste in Tonnes	% to Landfill	Waste in Tonnes	% to Landfill
UK	302	N/A	268	1	375	2
Net Sales (£ million)	**585.5**		**606.5**		**809.6**	

To better inform our developing sustainability strategy and drive further improvements, our goal for FY23 is to more accurately quantify our total waste volumes across our Group, including types of recycling and a breakdown of materials recycled and resources diverted from landfill.

WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT (WEEE)

We strive to deliver continuous improvements to our recycling programme and in the UK comply with the WEEE Directive, which forms part of our Company policy and procedures. We encourage and enable WEEE recycling and in the US, recycle all electronics to the standards of the Environmental Protection Agency (EPA), Occupational Safety and Health Administration (OSHA), and federal and state laws.

HAZARDOUS WASTE

We comply with all applicable national and international environmental laws and regulations, including the collection, treatment and disposal of hazardous waste, for which we use licensed contractors who operate an infrastructure of ISO9001, ISO14001 and OHSAS accredited hazardous waste treatment sites.

PACKAGING

While high quality, durable packaging is necessary to protect the pieces we sell, we are working with our brand partners and suppliers to limit excess packaging and introduce more sustainable materials wherever possible.

The majority of our branded watch boxes are kept as storage and treasured as part of the product itself. However, we are also seeing an increase in innovation in sustainable packaging, which is evident in Breitling's watch box made from upcycled plastic bottles and Panerai's latest packaging, which is produced by using at least 72% post-consumer recycled materials to reduce carbon emissions resulting from the production process by 4kg per item.

We favour suppliers with well recognised sustainability certifications and our principal packaging suppliers operate to ISO9001 and ISO14001 quality standards. In the UK, our receipt wallets are 100% recyclable, our corrugated boxes have an average of 80% recycled content and our gift boxes are made from a minimum of 80% recycled board.

We are reducing our core transit packaging and where this is not possible, ask suppliers to ensure the materials they use are sourced responsibly, are recyclable and can be easily separated. In the UK, plastic and cardboard packaging is backhauled to our distribution centres for central processing, which enables us to monitor consumption before it is sent for recycling. Pallets are also backhauled and reused and in FY22 we will replace cardboard storage boxes with reusable tote boxes.

We are continually looking for ways to make it easier for clients to be greener, including reminders to recycle gift boxes and adding handles made from recyclable materials to our paper carrier bags.

In the UK, we are fully compliant with The Producer Responsibility Obligations (Packaging Waste) Regulations 2007, through the registered compliance scheme.

PRODUCT INNOVATION

Luxury watches are characterised by a focus on product innovation and advancement, which is seen through an increase in more sustainable design and packaging.

We encourage innovation across our business model and product range, particularly products that provide an added ecological or social value. More information can be found on pages 152 to 155.

CIRCULARITY OF OUR PRODUCTS

The craftmanship and quality of the watches we sell is key to their longevity and we are fortunate that our timepieces and high-quality jewellery items are often handed down generations as heirlooms or resold to be worn again.

We are helping to further extend the life span of watches and jewellery, with our pre-owned watch business, the restoration and resale of vintage jewellery from designer brands and a significant investment into after-sales and servicing.

Repairs are critical in protecting and prolonging the life of clients' watches, so therefore we employ a network of 55 highly skilled and accredited watchmakers in key locations across our Group, who are supported by 27 quality control, administration and polishing specialists.

In response to the increasing demand for these services, we opened our National Watch Service Centre in the UK in 2019 and continue to enhance our workshops and add capacity wherever possible.

In the US, our acquisition of Betteridge and the pre-owned watch business Analog:Shift are also key contributors to our circular economy goal to keep products at their highest utilisation for as long as possible. In the UK, this is further supported with a Susan Caplan range, which specialises in restoring vintage designer jewellery.

OUR FOCUS ON CIRCULARITY

Recover
- Seek to range more products where waste has been designed out and recovered back into production processes, such as watch straps and packaging
- Save parts from our Watch Service Centres for recycling

Recycle
- Achieve zero waste to landfill across our Group

Reuse
- Increase after-sales and servicing capacity
- Significantly grow the sale of pre-owned watches across our Group
- Source 100% renewable energy, in properties we control, across our Group by 2025

Reduce
- Reduce packaging
- Eliminate waste from our workshops
- Promote the sustainable attributes of the products we sell

TASK FORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURE

SUPPORTING THE UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS

The Watches of Switzerland Group is committed to operating in way that is sustainable and in line with our Company Purpose to care for our local communities and our planet.

Since disclosing our first Task Force on Climate-Related Financial Disclosures (TCFD) statement in FY21, we continue to implement the recommendations of the Financial Stability Board (FSB) and take the necessary steps towards implementing a more structured, transparent and measurable sustainability strategy, which leverages TCFD recommendations and successfully manages any potential future impacts of climate change on our business.

We are committed to becoming Net Zero before 2050. To achieve this and ensure climate considerations are incorporated into everyday strategic decision-making, we have increased climate change from an emerging risk in FY21 to a principal risk in FY22.

Also in FY22, we committed to near term SBTs and, at the time of writing, were in the process of obtaining target validation with the Science Based Targets initiative (SBTi).

As a UK premium listed company, we will report all non-financial disclosures on a 'comply or explain' basis against the recommendations of the TCFD. This is consistent with the requirements from the UK Financial Conduct Authority (FCA). The Group has taken into account all the guidance stipulated for consideration by the Listing Rule 9.8.6R(8).

To align with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, our TCFD disclosure is stated in full within our Annual Report and Accounts.

COMPLIANCE STATEMENT

In meeting the requirements of Listing Rule 9.8.6 R, we have concluded that:

We fully align with TCFD recommended disclosures:

- Governance a) and b)
- Strategy c)
- Risk Management a) b) and c)
- Metrics and targets a) and c)

We partially align with TCFD recommended disclosures:

- Strategy a) and b)
- Metrics and targets b)

In the table below, we reference where the disclosures are located within our Annual Report and Accounts or explain why we align. In assessing alignment, we took into consideration the guidance documents referred to in the Listing Rule guidance notes.

TCFD Disclosure	Cross-reference	Summary of disclosure	Where we are on our journey		Next steps
		Governance			
a. Describe the Board's oversight of climate-related risks and opportunities	Page 140	Climate-related issues are addressed at least three times a year by the ESG Committee chaired by Independent Non-Executive Director, Rosa Monckton. Additionally, Brian Duffy has overall responsibility for climate-related issues.	●		
b. Describe management's role in assessing and managing climate-related risks and opportunities	Page 140	Management assesses and manages climate-related risks and opportunities within ESG and Audit Committees. Additionally, senior management monitors carbon emissions and reviews progress towards carbon reduction targets. Please see Governance diagram on page 140.	●		
		Strategy			
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Pages 141 to 144	The Group considers climate-related risks and opportunities across the short (<5 years), medium (5-10 years) and long term (>10 years). The risks and opportunities identified from the qualitative and quantitative climate scenario analysis conducted in FY22 are reported on pages 143 to 144.	◕	Currently we do not disclose the financial risk boundaries for determining which risks and opportunities could have a material financial impact on the Group.	Climate-related risks and opportunities have been identified in FY22. The next step is to complete a review of our related financial risk boundaries in FY23 to ensure full alignment across the business.

TCFD Disclosure	Cross-reference	Summary of disclosure	Where we are on our journey	Next steps
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Page 141	Our risk reporting describes the impact each risk and opportunity identified by the climate scenario analysis will have on our business strategy and financial performance. We undertook a quantitative climate scenario analysis to estimate the projected financial impact of three of the key risks to our business. However, we are not yet disclosing the quantified financial impacts for each of our key risks.	During FY22, we have performed an initial assessment of climate risks associated with Scope 1 and 2 emissions. We have considered these in the financial planning process. We do not currently have a defined process for integrating climate risks and opportunities and the estimated financial impacts of Scope 3 emissions into our financial planning process. We do not disclose the results of our quantitative climate scenario analysis in terms of financial impacts.	In FY23 we will integrate the results of the quantitative climate scenario analysis of Scope 1, 2 and 3 emissions into our financial planning process. In addition, we will look to disclose the quantitative financial impacts of our key risks.
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 141	In 2021 the Group conducted a qualitative and quantitative climate scenario analysis considering an orderly (1.5 and 2°C), disorderly (2-3°C) and business as usual (4°C) scenario up to 2050 to identify the key climate-related risks and opportunities facing the Group and where in our operations they are realised. These risks are reviewed annually.		
Risk management				
a. Describe the organisation's processes for identifying and assessing climate-related risks	Page 156	In FY22 the Group conducted a qualitative climate scenario analysis to identify and assess the key climate-related risks and opportunities facing the Group. The significance of each risk is determined based on the likelihood of the risk occurring and the potential impact of the risk.		
b. Describe the organisation's processes for managing climate-related risks	Page 156	This year we have identified climate change as a principal risk to better manage associated risks and opportunities. The Group has embedded a robust risk management process across all principal risks which is outlined on pages 156 to 158.		
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 156	The Group identifies, assesses, and manages climate risk through our overall risk management approach. Climate risk is identified as a principal risk.		
Metrics and targets				
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Page 114	The Group monitors GHG emissions on an annual basis. Other metrics include energy consumption and percentage of renewable electricity. A new Group KPI to monitor carbon emissions has been created in FY22 (see page 114).		
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Page 146	The Group reports Scope 1 and 2 GHG emissions. This year marks our first year of Scope 3 reporting. We have also assessed our Scope 1 and 2 risks by considering projected carbon pricing across different scenarios.	We have not yet assessed Scope 3 related risks and plan to carry out a Climate Scenario Analysis on our value chain in FY23 to identify associated risks.	Having completed our Scope 3 analysis for the first time in FY22, we will work towards assessing and disclosing Scope 3 related risks in FY23.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 135	The Group is setting near term SBTs aligned to 1.5°C under the Paris Climate Agreement of 50% absolute reduction in Scope 1 and 2 and 42% absolute reduction in Scope 3 emissions by 2030 from a FY20 base year. Other targets include transitioning to a fully electric or alternative fuel fleet by 2030 and sourcing 100% renewable energy, as well as 100% LED lighting in all properties within our control by 2025.		

ESG GOVERNANCE

As part of our continual improvement and in acknowledgement of the serious threat posed by climate change, we undertook a review of our governance framework. This resulted in further evolving the role of the Board and its Committees in order to optimise the management of climate-related risks and opportunities across our business. More information can be found in the diagram below.

ESG Committee: The ESG Committee is a Committee of the Board and is chaired by Rosa Monckton MBE, Independent Non-Executive Director. The ESG Committee meets at least three times a year to discuss and address climate-related issues.

The overall aim of the ESG Committee is to play an active role in setting environmental objectives and reducing the Group's impact on the environment by providing accountability against KPIs, such as sourcing renewable energy across our Group by 2025 and achieving a 50% absolute reduction in Scope 1 and 2 emissions and a 42% absolute reduction in Scope 3 emissions by 2030 from a FY20 base year.

Our new principal risk relating to climate change is monitored by the Audit Committee, which ensures associated risks are managed at the top governing level of our business.

Audit Committee: Our Audit Committee reports into the Board and oversees the management of risks, under which climate change now falls. In FY22, we carried out a Climate Scenario analysis and the outcomes were presented to the Audit Committee as part of its assessment of the newly identified climate- related risks and opportunities.

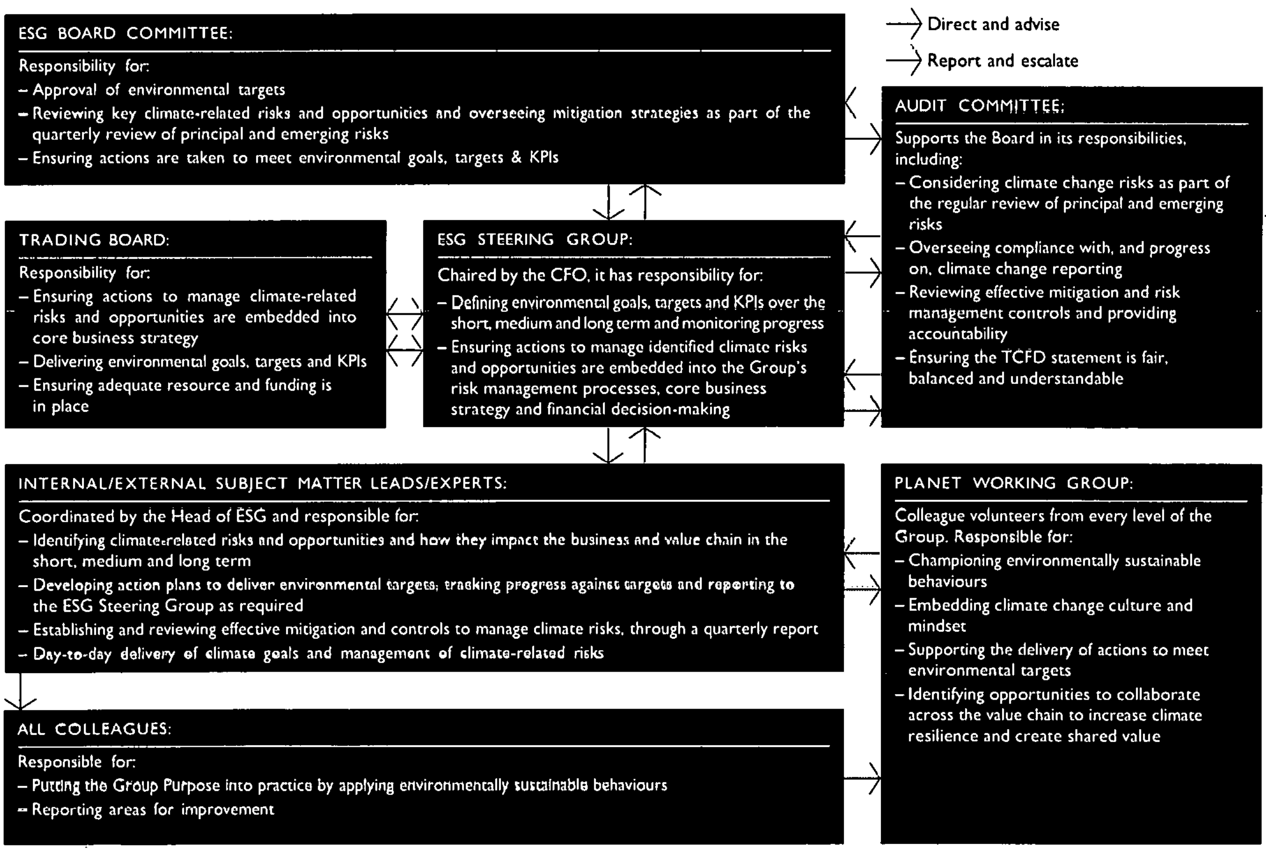
ESG Steering Group: We established a monthly ESG Steering Group in January 2022, with our CFO, Bill Floydd, taking overall operational responsibility for climate change issues. Our ESG Steering Group is comprised of executive sponsors who have formal operational responsibility for the management of climate related issues across the Group.

Planet Working Group: This group is made up of subject matter experts from varying levels of our business. It supports our ESG Steering Group and is tasked with identifying opportunities to collaborate across our value chain to increase climate resilience and create shared value.

In August 2021, Kesah Trowell was appointed as Head of ESG and is responsible for guiding our sustainability journey. This appointment reflects our continued commitment to fully integrate sustainability across the business over the long term.

The roles and responsibilities for monitoring climate-related risks and opportunities are summarised in our governance structure below.

TCFD/CLIMATE CHANGE GOVERNANCE



STR ATEGY

The Watches of Switzerland Group considers climate change to be a principal risk and our approach to climate change is embedded within our overall business strategy. Our ambition and drive to reach Net Zero emissions, as well as the already emerging risks associated with extreme weather and increasing temperatures, present both physical and transition risks as well as potential opportunities to our business.

The Group considers climate-related risks and opportunities across the short, medium, and long term defined as:

Impact Time Horizon*	Year from	Year to	Duration
Short term	2021	2025	<5 years
Medium term	2026	2030	5-10 years
Long term	2031	2031+	>10 years

* Our time horizons were considered according to our sector, the nature of the climate-related risks we face, the long life span of our assets, our infrastructure and the geographies in which we operate. They are aligned with the time horizons used for wider strategic and business planning.

In FY22, we conducted a qualitative and quantitative Climate Scenario Analysis (CSA) with the support of an external consultant. The results of this work have assisted in our understanding of the climate-related physical and transition risks and opportunities that could impact our business in the future under different climate scenarios and identified risks have been incorporated into our Group risk register. Whilst this specific piece of work showed no material impact to the Group, further work on financial risk boundaries will take place in FY23.

The climate scenario analysis considered the following scenarios using data from publicly available third-party sources International Energy Agency (IEA), Network for Greening the Financial System (NGFS) and IPCC Shared Socioeconomic Pathways:

Scenario	Transition scenario	Physical scenario
1.5°C – Rapid transition to a global low carbon economy – Unified regulations and ambitious climate policies are implemented immediately and smoothly	NGFS Net Zero by 2050	Not considered
Below 2°C – Steady transition to a global low carbon economy – Required by the TCFD recommendations – Aligns with the Group's Net Zero target	NGFS Below 2 degrees	IPCC SSP1 RCP2.6
2-3°C disorderly transition – Delayed and disorderly transition leading to notable transition and physical impacts	NGFS Delayed Transition	IPCC SSP2 RCP4.5
4°C – Business as usual emissions – Assumes climate inaction – No additional policies are implemented to address the climate agenda and temperatures rise to 4°C above pre-industrial levels	NGFS Current Policies	IPCC SSP5 RCP8.5

These scenarios were selected to provide a wide understanding of the range of potential risks and opportunities that could be experienced across various plausible futures.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Risks are prioritised using impact ratings of low, medium, or high. Impact ratings are an overall rating obtained from combining the likelihood of the risk or opportunity arising for the Group and the potential impact of the risk or opportunity if it were to be realised. This has been scored in line the Group's risk register with the materiality of each risk being considered. Further details can be found on pages 142 to 144.

We have considered the risks and opportunities using the TCFD categories, which cover transition risks (political and legal, market, technology and reputation), physical risks (acute and chronic), as well as opportunities posed by a transition to a low carbon economy (resource efficiency, energy source, products and services, market opportunity).

We consider risks across all our geographies. We have a relatively small number of operational sites (offices, showrooms and distribution centres) across the UK and the US. However, risks are likely to vary across different regions and site types.

The key risks identified by the qualitative CSA are summarised in the table on page 142.

The table below includes all high rated risks. A wider range of risks were also considered but deemed to have a medium or low-risk rating and have therefore not been detailed in this table. The high rated risks are where we are focusing our adaptive initiatives.

Risk	Risk Type	Risk impact	Business area impacted	Time horizon	Description of risk and impact anticipated	Risk mitigation
Extreme weather events disrupting offices and distribution centres	Physical	High	Operations	Short (<5 years)	Extreme weather events are projected to intensify and increase in frequency due to climate change. These events are likely to result in repair costs, loss of stock, adaptation investments and reductions in revenue from the inability to distribute products and closure of sites. In the US, especially in Florida, hurricanes are an annual occurrence that have previously disrupted the ability to receive products and distribute them around the country. In the UK, increased extreme rainfall could lead to flash flooding and increased fluvial flooding.	Our mitigation measures include: – Using the Tableau Climate Risk dashboard to understand where the most severe flood, rainfall, heat, and wind events are and integrating them into standard risk management and business continuity approaches – Conducting detailed analysis assessments at high-risk sites in both the US and the UK from a damage and flood magnitude perspective – Identifying stock storage sites to ensure preparation for and resilience to climatic-related flood events – Implementing a comprehensive hurricane management document in the US, detailing specific activities to be taken should they occur. We will be expanding this to an extreme weather business continuity document integrating fluvial-flood management – In the UK, formalising our business continuity plan from extreme weather events causing sites to be impacted
Increased office and showroom energy requirements for heating and cooling	Physical	High	Operations	Medium (5-10 years)	Climate change is expected to increase the instability of the atmosphere, meaning more extreme temperature events are likely to occur. Temperature extremes will increase the office and showroom energy requirements for heating and cooling leading to increased costs. In addition, due to increased use of HVAC and heating equipment the costs associated with repairs and replacements are likely to increase.	Our mitigation measures include: installing SMART meters across the whole UK estate and the use of temperature controls and group wide energy monitoring. Future mitigation measures we are considering include: – Updating heating and cooling appliances with the most efficient on the market – Collaborating with landlords to install the most efficient heating and cooling models
Legal requirement for fleet to be EVs UK	Transition	High	Supply chain	Medium (5-10 years)	New policies and regulations are expected to be implemented over the next decade with a shift towards a low carbon economy. In the UK this particularly impacts the sale of petrol and diesel vehicles which is legally mandated to end in 2030. Although the Group has a small fleet of vehicles in the UK there is a risk that the changes in regulations may impact it.	Our mitigation measures include: – Offering electric vehicles in the UK as part of our operational fleet and company cars – Ensuring third-party parcel distribution companies have made a commitment to reducing their carbon footprint – Trialling reverse collections from our retail showrooms with one of our partners to reduce our carbon footprint – Introducing EcoVadis Supply Chain Sustainability ratings and asking suppliers to input climate data

Risk	Risk Type	Risk impact	Business area impacted	Time horizon	Description of risk and impact anticipated	Risk mitigation
Changing consumer preferences	Transition	High	Client	Medium (5-10 years)	Clients are becoming more environmentally conscious with increased awareness of the source of raw materials and production methods of products they purchase, with many requesting evidence of this from retailers. This may result in decreased product demand if these requirements are not addressed.	Our mitigation measures include: – Providing source information on precious stones and metals used in our products – Carrying out audits on our jewellery suppliers. – Ensuring all polished diamonds are compliant with the latest World Diamond Council System of Warranties and to have originated from rough diamonds that are fully compliant with the Kimberley Process Certification Scheme (KPCS) – Making sure all gold is sourced from bars that are accredited under the London Bullion Market Association Good Delivery Scheme or the UAE Gold Good Delivery Scheme – Increasing our range of more environmentally friendly products and promoting more sustainable attributes in our marketing

While we recognise these risks, the opportunity around the transition to a low carbon economy is also significant to us. The key opportunities we identified from our qualitative CSA are detailed below:

Opportunity	Opportunity impact	Business area impacted	Time horizon	Description of opportunity	Plan to realise opportunity
Reduced energy consumption in showrooms, offices, and distribution centres	High	Operations	Short (<5 years)	A large opportunity for the Group is to enhance resource efficiency through reducing energy consumption in our direct operations.	To realise this opportunity, we are implementing various energy saving initiatives including: – Installing LED lighting – Installing SMART meters, temperature controls and automatic lighting – Updating heating and cooling appliances with the most efficient on the market – Collaborating with landlords to install the most efficient heating and cooling models
Proactive collaboration with suppliers to reduce energy consumption in primary vendors	High	Supply chain	Short (<5 years)	In addition to reducing energy in direct operations the Group also has the opportunity to proactively engage with primary vendors to reduce energy consumption within our supply chain.	To realise this opportunity, we are working to engage with our suppliers to understand where the most energy intensive parts of the business are. This will allow us to effectively reduce energy consumption and therefore carbon emissions.
Use of renewable energy in showrooms and offices	High	Operations	Short (<5 years)	Transitioning to renewable energy presents an opportunity for the Group to reduce emissions as well as diversifying our energy supply and reducing our dependence on fossil fuels.	We are working to realise this opportunity with all UK showrooms already using 100% renewable electricity. In the US, more showrooms are rented from landlords with inclusive energy contracts, meaning visibility of the sourcing of energy is more challenging. Proactive engagement with landlords will be key to meeting targets in this area.

Opportunity	Opportunity impact	Business area impacted	Time horizon	Description of opportunity	Plan to realise opportunity
Marketing on the prolonged lifetime of watches and jewellery to encourage clients to retain and repair watches and jewellery instead of disposing of them	High	Supply chain	Short (<5 years)	One of the key selling points for our products is that they are products for life and we encourage our clients to keep them for generations. With clients becoming more environmentally conscious there is increased demand for sustainable long-life products. The Group has a significant opportunity to support the longevity of products by enhancing in-house watch, jewellery, and silverware repair and service centres.	To realise this opportunity, we are continuing to enhance our in-house watch, jewellery and silverware repair and service centres by: – Plans to maximise the capacity of our new National Watch Service Centre in Manchester established in 2020 – Working to open an additional Watch Service Centre in the Midlands, UK We also encourage trade-ins on watches, and we are actively developing our pre-owned luxury watch proposition in both the UK and US, where we refurbish, guarantee and sell on the watches, increasing the overall circularity of products.

Following the qualitative CSA, a quantitative CSA was subsequently conducted to quantify the potential financial impact as well as other business impacts such as consumer sentiment and impacts to the value chain of key risks. Additionally, the assessment allowed the Group to identify our risk hotspot locations to inform mitigation actions. The following high rated risks were analysed in the quantitative CSA:

- Extreme weather events disrupting offices and distribution centres
- Increased office and showroom energy requirements for heating and cooling

To assess the exposure of the Group's sites to extreme weather events and the increased energy requirements for heating and cooling, the following indicators were considered:

- Fluvial flooding
- Hurricane flooding
- Days exceeding 35°C and 38°C
- Cooling degree days (the sum of the number of degrees that a day's average temperature is above 18°C)
- Heating degree days (the sum of the temperature increment between the day's average temperature and 18°C and the number of days this occurs)
- Wind speed

The key findings from the quantitative climate scenario analysis were as follows:

- Projected >2,000 Heating Degree Days in all sites across the UK by 2030 in a >4°C scenario. This will lead to increased usage of HVAC systems, repair and replacement costs
- Fluvial flooding poses risk to sites in the UK with the Bristol and Kingston locations being at the highest risk. The short forecast time for fluvial flooding could result in loss of stock and costs of repairs
- Average projected 24% increase from baseline number of cooling degree days/year in the US to 2030 in a >4°C scenario
- Average projected 91% increase from baseline number of days/year > 35°C in the US to 2030 in a >4°C scenario. This will be results higher overheads to cool sites
- 7/12 sites in Florida are at risk of flooding above 2m by 2030 in a >4°C scenario
- Fluvial flooding poses a greatest risk to the US sites compared to hurricane induced flooding due to a shorter forecast time

These key findings have enabled the Group to identify at risk areas within our operations and implement adaptive measures accordingly as described in the risk table, allowing us to increase the resilience of our strategy to climate-related risks and opportunities.

The estimated financial impact that these physical risks could have on the Group has been calculated for both a low (<2°C) and high (>4°C) carbon scenario. The Group will be working on using these estimations to integrate into our current financial planning process over the coming years.

Additionally, the impact of carbon pricing on energy consumption and direct emissions was considered. Although this risk was identified as a medium risk in the qualitative CSA understanding the impact of carbon pricing allows the Group to identify risks directly linked to our Scope 1 and 2 emissions and establish an understanding of cost surrounding potential market, policy and technological changes intended to facilitate the transition to a low carbon economy.

In FY23, we will explore these risks and opportunities in further detail integrating the analysis further into our business strategy and risk management processes as well as focusing on developing longer term climate mitigation and adaptation planning.

Identified climate-related risks and opportunities will be reviewed annually.

Across our Group we support the transition to a low carbon economy and have committed to the SBTi. We have set near term SBTs aligned to 1.5°C under the Paris Climate Agreement of:

Public Commitments	Near term SBTs aligned to 1.5°C under Paris Climate Agreement	Net Zero
Scope 1 and 2	50% reduction in absolute emissions by 2030 from a FY20 base year	2050
Scope 3	42% reduction in absolute emissions by 2030 from a FY20 base year	

The Group has already implemented several emission reduction initiatives across our operations and value chain (see pages 135 to 137). We are also developing a Group Climate Strategy to focus on achieving Net Zero emissions before 2050.

This includes:

- Actions to reduce energy consumption in showrooms, offices and distribution centres
- Updating heating and cooling appliances with the most efficient on the market
- Collaborating with landlords to install the most efficient heating and cooling models
- Transitioning to an electric and alternative fuel fleet

RISK MANAGEMENT

The Group defines risk as uncertainty around the organisation's ability to achieve its objectives and execute its strategy effectively. This year we have identified climate change as a principal risk to better manage associated risks and opportunities. The Group has embedded a robust risk management process across all principal risks which is outlined on pages 156 to 158.

The Group's risk management framework helps identify, assess, manage, and monitor risks to within the risk appetite set by the Board, whilst taking advantage of opportunities as they are presented. Management is responsible for minimising the adverse exposure to the Group and its stakeholders.

In July 2021, Brian Duffy, CEO, was identified and appointed as the key person responsible for climate-related risks at Board level.

Climate risks are monitored on an ongoing basis, which allows us to capture any changes and adapt fluidly.

To assess climate risk, in FY22, we conducted a qualitative climate scenario analysis for the first time, which is detailed within the strategy section of our TCFD disclosure. The classification of the climate risks identified is outlined in the strategy section of our disclosure and is in line the Group's risk register, with the materiality of each risk being considered. Further details can be found on page 141.

METRICS AND TARGETS

Our carbon footprint consists of direct (Scope 1) emissions from gas and fuel consumption, indirect (Scope 2) emissions from purchased electricity and all other indirect (Scope 3) emissions that occur in our value chain. The table on page 146 provides a detailed breakdown of our Scope 1, 2 and 3 GHG emissions by activity, calculated with reference to the Greenhouse Gas Protocol.

In addition, the Quantitative Climate Scenario Analysis assessed the future impact of carbon pricing on our Scope 1 and Scope 2 emissions.

We have set a goal to reach Net Zero emissions by 2050. To achieve our ambition, the Group has registered with the SBTi and is committed to achieving near term SBTs reducing absolute Scope 1 and 2 emissions 50% and absolute Scope 3 emissions 42% by 2030 from a FY20 base year.

Our Group climate-strategy focuses on a number of key metrics to assess and manage climate-related risks and opportunities across our operations. The following climate-related KPIs are at the core of our climate strategy:

- Transition to 100% LEDs in all showrooms and warehouses by 2025 across our Group
- Transition to renewable energy in the UK by FY22 and Group by 2025, wherever possible (target will cover landlord energy supplies)
- Transition to EV or alternative fuel fleet by 2030 across our Group

The Group will also be participating in the 2022 CDP (formerly the Carbon Disclosure Project) climate change questionnaire, which will require us to build an in-depth understanding of climate-related risk and enable us to review and improve on our carbon impact.

TCFD PROGRESS ROADMAP

The table below summarises progress and key steps taken by the Group on our journey to fully align to the TCFD recommendations.

FY21	FY22	FY23+
– Disclosure of our first voluntary TCFD Annual Report narrative – Collaboration with an external consultancy to undertake a TCFD Gap analysis to identify potential gaps against TCFD recommendations – Undertook a qualitative and quantitative Climate Scenario Assessment against multiple scenarios – Committed to setting a near term SBTs through the SBTi	– Made climate change a principal risk to the business – CEO given overall responsibility for climate-related issues. – Establishment of ESG Committee, responsible for risk identification and management – Verifying our near term SBT by FY23 through the SBTi – Responding to CDP questionnaire on climate change to build an in-depth understanding of climate-related risk and review and improve on our carbon impact – Implementing Global Sustainability Ratings Network and Platform, EcoVadis, to help manage our value chain emissions	– The Group plan to conduct a further quantitative CSA on key climate-related risks across our value chain – Supply chain engagement strategy to help manage and mitigate our value chain emissions

ENVIRONMENTAL, SOCIAL AND GOVERNANCE
continued

	FY22				FY21			FY20		
Global GHG Emissions Data	**UK**	**US**	**EU**	**Total**	**UK**	**US**	**Total**	**UK**	**US**	**Total**
Scope 1: Direct combustion from owned and controlled sources (tCO_2e)	263	83	n/a	**346**	214	118	**332**	264	64	**328**
Scope 2: Indirect emissions from the generation of purchased electricity, heat, steam or cooling (Location-based) (tCO_2e)	1,611	1,640	1	**3,252**	1,693	1,283	**2,976**	2,344	1,456	**3,800**
Total Gross Scope 1 and 2 (tCO_2e)	**1,874**	**1,723**	**1**	**3,598**	**1,907**	**1,401**	**3,308**	**2,608**	**1,520**	**4,128**
Total energy consumption associated with the scope 1 and 2 emissions (kWh)	8,595,086	4,757,151	5,620	**13,357,857**	8,041,005	3,562,929	**11,603,934**	10,281,037	3,969,453	**14,250,490**
Scope 3 Emissions										
Category 1 – Purchased Goods and Services [1]	225,641	104,380	26	**330,047**	154,489	72,908	**227,397**	148,065	58,063	**206,129**
Category 2 – Capital Goods [1]	13,637	6,295	n/a	**19,932**	8,662	3,748	**12,410**	6,854	3,637	**10,491**
Category 3 – Fuel- and energy-related activities [2]	649	639	0	**1,288**	433	324	**757**	606	392	**998**
Category 4 – Upstream Transportation and Distribution [1]	1,021	636	n/a	**1,657**	801	403	**1,204**	742	423	**1,165**
Category 5 – Waste Generated in Operations [3]	10	2	n/a	**12**	7	1	**8**	7	0	**7**
Category 6 – Business Travel* [4]	–	–	–	**1,067**	–	–	**280**	–	–	**917**
Category 7 – Employee Commuting [5]	1,628	573	n/a	**2,201**	852	465	**1,317**	1,318	426	**1,744**
Category 11 – Use of Sold of Products* [6]	–	–	–	**8**	–	–	**6**	–	–	**1**
Category 12 – End-of-life treatment of Sold Products [7]	64	16	n/a	**80**	41	8	**49**	70	6	**76**
Total Gross Scope 3 (tCO_2e)	**242,650**	**112,541**	**26**	**356,292**	**165,285**	**77,857**	**243,428**	**157,662**	**62,947**	**221,527**
Emission Intensities										
Revenue (£'000)	809,601	428,383	n/a	**1,237,984**	606,452	298,625	**905,077**	585,473	225,039	**810,512**
Scope 1 & 2 Intensity Ratio (tCO_2e per £'000 revenue)	**0.0023**	**0.0040**	**n/a**	**0.0029**	**0.0031**	**0.0047**	**0.0037**	**0.0045**	**0.0068**	**0.0051**

* Calculated as Group Figure.

Methodology

The Group's approach to calculating and reporting its GHG emissions follows the WRI.WBCSD GHG Protocol Corporate Accounting and Reporting Standards (Revised) on how to measure and monitor GHG emissions.

Scope 1 and 2 emissions have been reported above where the Group has operational control of a property or an asset. This includes properties which the Group operates but which are not included as leases within the financial statements on account of the substitution rights the landlords have (as noted within note 1 of the financial statements).

The Groups uses three external data sources, for the emissions factors used, being:

1. UK Government GHG conversion factors for company reporting (2021 BEIS condensed set, full set and methodology). These were used to convert our car fleet to kWh and tCO_2e and our electricity, gas and refrigerant usage to tCO_2e.
2. US EPA (eGRID) emission factors for greenhouse gas inventories for US electricity generation (eGRID 2022).
3. Manufacturers' emissions factors for cars, uplifted for the UK real-world factor (2021 BEIS Government GHG conversion factors for company reporting).

All Scope 3 emission calculations follow the guidelines and methodologies that are outlined in the Greenhouse protocol. The Greenhouse Gas Protocol is the most widely used greenhouse gas accounting standard. It provides a framework for businesses and governments to measure and report their greenhouse gas emissions.

Emissions Conversion Factors from the Department for Business, Energy & Industrial Strategy (BEIS) and the US Environmental Protection Agency (EPA) have been used. For our US operations, emission factors from the International Energy Agency have also been used for the estimation of emissions relating to Distribution (T&D) losses.

See opposite more information regarding the methodology and data sources used for Scope 3 calculations.

(1) Spend - based emission factors from the Environmentally Extended Input Output CEDA database have been employed for the emission calculations due to limited primary activity data.

(2) Well-To-Tank and Transmission (WTT) and T&D emissions have been calculated using the BEIS and IEA emission factors for WOSG's electricity, natural gas and fuel used in company owned vehicles.

(3) Emissions relate to WOSG's office and stores waste disposal activity. In the UK, waste has been estimated using store area and for the US we used sales data. We have applied UK recycling rates across the Group and assumed a consistent UK store area over the three-year period. Emissions calculations have taken into consideration % of waste landfilled and % of waste diverted from landfill. BEIS emission factors have been used.

(4) Business travel emissions consider emissions relating to Hotel Stays, Flights, Taxi rides as well as Tube/Rail journeys. A combination of both EEIO spend-based and BEIS emission factors have been used.

(5) Employee commuting and home working emissions have been calculated using EcoAct's proprietary Homeworking emissions Whitepaper (https://info.eco-act.com/en/homeworking-emissions-whitepaper-2020)

(6) Emissions that relate to the energy consumed from WOSG's Quartz and Smart watches that require electricity for the charging of their battery.

(7) Emissions relate to the disposal of product packaging. BEIS emission factors are used for UK operations while EPA factors have been used for US Operations. NOTE - emissions relating to the disposal of watches and jewellery have been excluded from the calculation as these products are high in value and they are either repurposed or resold within a 100 year timeframe.

The Scope 1, 2 and 3 emissions and associated scope 1 and 2 energy consumption data for 2022 have been independently assured through a limited assurance engagement conducted in accordance with International Standard on Assurance Engagements 3000 'Assurance engagements other than audits or reviews of historical financial information', by BDO LLP.

RESPONSIBLE SOURCING

SUPPORTING THE UNITED NATIONS SUSTAINABILITY GOALS

FY22 PERFORMANCE HIGHLIGHTS

- Completed a review of our supply chain due diligence
- Developed and piloted a bespoke responsible sourcing programme in line with industry best practice and our Supplier Code of Conduct
- Introduced additional due diligence checks for goods not for retail (GNFR) suppliers
- Set near term targets to reduce Scope 3 emissions by 42% by 2030

FY23 AREAS OF FOCUS

- Ongoing supplier engagement to further understand the impacts of the products we sell throughout their lifecycles to achieve our commitment to Net Zero emissions, support traceability and strengthen resilience
- Implementing a Global Sustainability Ratings Platform to support supply chain management, transparency and due diligence
- Increasing our range of socially and environmentally preferable options, such vegan watch straps, recycled gold and reduced packaging
- Actively promoting products produced from environmentally and socially favoured materials
- Liaising with brand partners to equip colleagues with the training they need to help clients make more informed purchasing decisions

APPROACH

As a world class retailer, our clients expect everything they buy from us to be sourced responsibly, from a supply chain free from forced labour. We take our duty to all our stakeholders, and society, extremely seriously and have strict policies and procedures in place to make sure everyone we do business with, shares our commitment to upholding human rights and protecting our planet for future generations.

Suppliers are key to helping us reach our Net Zero emission target and addressing areas of public concern, such as animal welfare, along with implementing robust traceability mechanisms.

Social and environmental criteria are built into our tender processes and contractual terms and we regularly engage with our brand partners and suppliers to ensure responsible sourcing practices.

Innovation is also widely encouraged across our business model and product range to help optimise performance and minimise any negative impacts resulting from our operation.

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"To meet the changing needs and expectations of our clients and wider society, it's crucial we work in partnership with our suppliers to understand the environmental and social impacts of our product range and services."

JIM CRICHTON
BUYING & MERCHANDISING DIRECTOR

OUR BUSINESS IMPACTS

We acknowledge the watch and jewellery industry has an increased risk of human rights violations in its precious metals, diamonds and gemstones mining supply chains, as well as the potential for negative environmental impacts as a result of mining processes.

In line with our Company Purpose to care for our communities and our planet, we strive to go beyond basic risk management and compliance, by integrating human rights and environmental considerations into every commercial decision we make, with the aim of safeguarding against risk and growing our product range from more ethically aware and responsible supply chains.

SUPPLIER CODE OF CONDUCT AND SUPPLIER MANUAL

Through our Supplier Code of Conduct and Supplier Manual, we provide suppliers with clear guidelines on the high standards and common values we expect to ensure the products we sell are ethical, and are produced and transported in a way that is not harmful to our environment.

Our Supplier Code of Conduct sets out our minimum requirements across human rights, labour, environment, anti-corruption, integrity, business ethics, data security and social impact, which must be applied in addition to compliance with all relevant national and international legislation.

All suppliers must read, sign and adhere to this Supplier Code of Conduct, or publish an equivalent commitment.

We have introduced training to equip relevant colleagues with the knowledge and skills they need to uphold our responsible sourcing standards and our Whistleblowing Policy allows individuals within our supply chain to report concerns in relation to issues such as human rights contraventions or materials from Conflict Affected and High Risk Areas.

SUPPLY CHAIN MANAGEMENT SYSTEM

EcoVadis is a global sustainability ratings network and platform which enables us to identify preferred suppliers and monitor performance using a 'supplier performance dashboard'.

From July 2022, suppliers will be asked to register with EcoVadis and complete an online supplier assessment against a comprehensive set of sustainability criteria.

The information provided through this secure and confidential platform, is then subject to expert validation, verification, 360 analysis and scoring.

EcoVadis allows us to carry out robust due diligence screening and identify suppliers most at risk of contravening our Supplier Code of Conduct, while further supporting them with access to training materials in local languages and, where necessary, corrective action plans. The platform also captures primary carbon emission data and supports our climate strategy to achieve Net Zero carbon across our value chain by 2050.

DUE DILIGENCE AND FACTORY AUDITS

The Group is committed to going beyond basic risk management and compliance to protect human rights within our supply chain and direct operations and minimise our impact on the environment. If we find evidence of a serious breach of our terms, we will not hesitate to terminate our contract, publicly disclose details and notify the relevant authorities.

UL Verification Services were engaged in October 2020 to help us develop a bespoke responsible sourcing programme to support compliance with our Supplier Code of Conduct and carry out assessments of facilities, processes and systems in order to highlight inconsistencies, weaknesses and risks related to regulatory requirements and brand reputation, as well as identify strengths and opportunities. During the summer of 2021, three supplier manufacturing facilities were subject to audits as part of a pilot to test our responsible sourcing programme. A number of improvements were made as a result of this trial and the programme is being further enhanced to integrate with the EcoVadis system ahead of a full roll out in FY23.

We are building strong, long term relationships with our suppliers and will always aim to collaborate to resolve issues, wherever reasonable.

RUSSIAN SANCTIONS

The Group complies with all international sanctions issued by the UK Government, the US Government and the EU, and require our suppliers to do the same.

The invasion of Ukraine by Russian forces on 24 February 2022, set in motion an unprecedented range of sanctions on Russia, including the trade of diamonds, coloured gemstones and precious metals such as gold, silver and platinum.

The Group took action to cease all trade in these materials from sanctioned Russian sources and wrote to suppliers to remind them that they must comply with all relevant national and international law and legislation, which includes all sanctions and requirements imposed by the US Department of the Treasury and its Office of Foreign Assets Control.

In response to the humanitarian crisis in Ukraine, The Watches of Switzerland Group Foundation made a £100,000 donation in March 2022, to the British Red Cross in support of their Crisis Appeal to provide food, water, medicine, warm clothing and shelter to those affected.

RESPONSIBLE JEWELLERY COUNCIL
The RJC is a registered not-for-profit company and the world's largest standards authority for responsible jewellery.

The Watches of Switzerland Group has been an accredited member of the RJC since 2011, which involves rigorous independent audits to obtain and retain accreditation status and ensure compliance with their Code of Practices.

On 31 March 2022, we withdrew our membership of the RJC in protest against their failure to respond swiftly and decisively to the conflict in Ukraine, by leading our industry and dissolving its links to Russia amid allegations of human rights abuses by Russian forces.

The RJC later responded by accepting the resignation of a large Russian mining company from their Board, a change in leadership and the establishment of a new governance taskforce to help rebuild stakeholder confidence.

At the date of this report, the Watches of Switzerland Group has not re-joined the RJC, however, we continue to uphold the principles of their Code of Practices through our own Supplier Code of Conduct and require our suppliers to do the same. We fully expect the highest standards of responsible business practices and seek assurance to this effect.

While membership of the RJC is no longer a stipulation for doing business with us, we encourage all suppliers to align with well-recognised sustainability standards and certifications.

We will continue to monitor the situation with the RJC and our position, while focusing our efforts on further strengthening our supply chain due diligence in line with best practice.

HUMAN RIGHTS AND MODERN SLAVERY

We take great pride in operating with integrity and transparency and would never knowingly engage with a supplier that is in any way involved in human trafficking, servitude, forced labour or any other aspect of modern slavery.

The Group supports the principles set out in the UN Universal Declaration of Human Rights and has measures in place to identify, assess and mitigate potential labour and human rights abuses across our value chain.

There have been no violations reported in relation to human rights by our Group businesses in FY22. More information on our commitment and approach to Human Rights can be found in our Modern Slavery Statement, which can be found on our website thewosgroupplc.com.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING
Our Supplier Code of Conduct and Supplier Manual sets out our expectations in relation to freedom of association and collective bargaining and requires employers to adopt an open aptitude towards trade unions and their activities. All workers, without distinction, should have the right to establish and join organisations of their own choosing and bargain collectively without prior authorisation or interference from government or one another.

KIMBERLEY PROCESS CERTIFICATION SCHEME AND THE WORLD DIAMOND COUNCIL SYSTEM OF WARRANTIES
All suppliers of diamonds, or jewellery incorporating diamonds, must comply with the Kimberley Process Certification Scheme, as well as all laws in relation to this scheme and the World Diamond Council System of Warranties Assurance (WDC SoW).

Any diamonds supplied to us must be conflict free and accompanied by written guarantees in line with WDC SoW Assurance. We will not accept an invoice without this statement. Once a diamond is imported and ready for trade, we also require a WDC SoW Assurance statement on every invoice for rough diamonds, polished diamonds, or diamond jewellery, through to the final invoice to clients.

Records of warranty invoices received, as well as invoices issued when buying or selling diamonds, are audited and reconciled on an annual basis.

GOLD AND OTHER PRECIOUS METALS
Our Supplier Manual sets out standards for the responsible sourcing of precious metals.

All precious metals supplied to us must demonstrate legal compliance according to all the provisions of the financial market supervisory authority and be sourced from refineries on the London Bullion Market Association Good Delivery List or the UAE Gold Good Delivery Scheme.

Precious metals can be repeatedly recycled with no degradation in quality or value and are indistinguishable from newly mined metals. A ring made with newly mined gold can have a carbon cost of up to 64kg in greenhouse gas emissions, compared to as little as 100g when made with recycled gold. Mindful of this, we have an ambition to utilise recycled gold beyond average industry ratios in our jewellery ranges, which is supported by the introduction of product lines, such as rings made from recycled gold and platinum.

An increasing number of our watch suppliers are using recycled gold in their manufacturing processes, for example, some of our suppliers have invested in their own foundries and refining facilities, allowing them to bring precious metals processing in house for full traceability and enabling them to reuse production chips and scrap.

ANIMAL WELFARE AND WATCH STRAPS
We will not tolerate any harsh or inhumane treatment of animals and only buy watches through the most reputable manufacturers.

All watch suppliers must provide written confirmation that any animal skins used to make straps are sourced from farmed and sustainably managed sources and conform to relevant international laws, including the Convention on International Trade in Endangered Species.

We are growing our range of more socially and environmentally preferable product options, including straps made from materials such as recycled plastic, rubber and cloth.

Luxury watches are characterised by a focus on product innovation and advancement, which is seen through an increase in more sustainable design, for example, the strap on Cartier's Solar Beat Tank Must watch is made from apple pulp, cotton and polyurethane, while GUCCI's Dive watch benefits from a strap made from bio plastic and a buckle formed from recycled steel. In summer 2022, Ulysses Nardin is set to launch their Diver Net watch with a strap and bezel made from recycled fishing nets and ocean plastic.

Watches from brands such as Raymond Weil are marketed with vegan friendly straps and we are working with brand partners to provide clients with more choice in line with changing lifestyle preferences and values.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) DUE DILIGENCE GUIDANCE

The OECD Due Diligence Guidance is a risk-based approach to help organisations avoid contributing to conflict, serious human rights impacts and financial crime through their operations or mineral sourcing practices. We require all suppliers of watches and jewellery to adopt and implement the OECD 5-Step framework which includes embedding strong management systems, identifying risks, independent third-party audits and transparency.

ANTI-BRIBERY AND CORRUPTION

The Anti-Bribery and Corruption Policy is regularly reviewed by the Audit Committee and reinforces that the Board is committed to conducting the Group's business affairs to ensure that it does not engage in or facilitate any form of corruption. The aim of the Policy is to ensure compliance with applicable anti-bribery and corruption legislation and regulation and to ensure that colleagues act responsibly and ethically at all times when conducting business. It also sets out the Group's protocols in relation to hospitality and gifts. The Board has overall responsibility for this policy. The Group's Company Secretary & General Counsel has day-to-day responsibility for the Policy and will report to the Chair of the Audit Committee and to the Board as required. Colleagues are required to complete mandatory e-learning annually.

WHISTLEBLOWING

It is important for the business to have an open and transparent work culture. The Company aims to conduct its business with the highest standards of honesty and integrity every day. The Board has overall responsibility for this policy and the Head of Internal Audit has day-to-day operational responsibility. Procedures are in place to ensure that the Chair of the Audit Committee receives a summary of all whistleblowing reports for communication to the Board.

During the year, the Board reviewed the Group's Whistleblowing Policy, protocols and associated procedures and, after doing so, agreed some minor enhancements to processes. A new escalations protocol was approved by the Board to support the Policy (which remained unchanged) and procedures.

Under the Policy, whilst colleagues are encouraged to report any concerns or complaints, without fear of recrimination, to their line manager in the first instance or to the Executive Director HR, the Board acknowledge there may be circumstances where such reporting lines may not be suitable or may discourage colleagues from speaking out.

We use an independent third-party, who provide a facility where all colleagues can raise their concerns confidentially, with the option of maintaining anonymity. Colleagues are required to complete mandatory e-learning training annually.

CODE OF ETHICS

In May 2022, the Board approved a new Code of Ethics, which can be found on the corporate website thewosgroup.com. The Code of Ethics further strengthens the governance framework of the Company and will be distributed to colleagues and incorporated into the new starter programme.

ANTI-MONEY LAUNDERING AND SANCTIONS

The Company has an Anti-Money Laundering (AML) Policy which was reviewed and discussed by the Board during the year, particularly in light of the sanctions introduced by the UK Government and other governments following the invasion of Ukraine, by Russia. Whilst new procedures were put in place and communicated to all relevant colleagues, no changes to the AML Policy were required.

CORPORATE CRIMINAL OBLIGATIONS

In March 2022, the Board approved a new Corporate Criminal Obligations (CCO) Policy which sets out the Group's zero tolerance approach to tax evasion. The CCO Policy describes the legal framework, information and guidance on how to recognise and deal with tax evasion matters. Compliance with the Policy and disclosures arising from it will be included in the annual review undertaken by the Senior Accounting Officer. The CCO Policy can be found on the corporate website thewosgroup.com

TAXATION

We seek to build solid and constructive working relationships with all tax authorities. In February 2022, the Group achieved the Fair Tax Mark, which demonstrates best practice compliance with tax legislation. The Group pays corporation tax on its operations in the UK and US and does not operate in any tax havens or use any tax avoidance schemes. Our Tax Strategy Statement can be found at thewosgroupplc.com.

PAYMENT PRACTICES

We understand the importance of maintaining good relationships with suppliers and have transparent payment terms and payment procedures to ensure prompt payment.

It is Group policy to agree appropriate terms and conditions for transactions with suppliers (ranging from standard written terms to individually negotiated contracts) and for payments to be made in accordance with these terms, provided the vendor has complied with its obligations.

Our payment practices report is available at check-payment-practices.service.gov.uk/search, which showed the Group took on average 33.4 days to pay in the six-month period to the end of FY22.

RETURNS POLICY

The business operates a standard Returns Policy. The manufacturer's warranty for timepieces varies by brand and style, however, most warranties are usually valid for two years from the date of purchase, with three years of extended warranty for certain watch brands. If a timepiece malfunctions, we will, at our discretion, repair or replace the movement at no charge if such movement shows a manufacturer's defect under normal use.

DATA PROTECTION AND CYBER SECURITY

We have a responsibility to protect both electronic and physical information from unauthorised access, processing, modification or destruction in line with all relevant international law and legislation.

All colleagues receive comprehensive GDPR training, which they must complete on an annual basis and all data protection policies and procedures are regularly monitored to ensure improvements are implemented wherever necessary. Further information on how we govern associated risk can be found on page 162.

PRODUCT INNOVATION

In a world that needs us all to buy less – but buy well – we are proud the watches and jewellery we sell are produced using techniques that optimise precious materials and are designed to be enjoyed for generations.

The luxury watch industry continues its pursuit of excellence in product innovation to delight a growing number of eco-conscious clients and help care for our planet.

While luxury timepieces are regularly made from luxury materials and precious metals – such as gold, platinum, and synthetic rubies – stainless steel has remained one of the most popular and widely used material for the high-end timepiece. The material has not historically, however, been a high priority for recycling within the watch industry until now. Luxury brands, such as Panerai, have started to lead the way in changing this cycle.

In April 2021 Panerai unveiled a watch it claims is 98.6% recycled by weight, and the 'EcoTitanium' Submersible eLAB-ID went straight to market. Almost the entirety of the Submersible eLAB-ID – including the case, the dial, and the movement bridges – is made from a material called EcoTitanium, a recycled titanium alloy that is lightweight aerospace-grade metal made of more than 80% pure recycled content. Even its silicon escapement was recycled. The Submersible eLAD-ID also rewrote the horology history books by becoming the first watch to use 100% recycled Super-LumiNova for its dials and hands.

Alongside it, as part of the Watches and Wonders 2021 collection, Panerai launched the Luminor Marina eSteel collection – three dive watches that bear traditional looks with an innovative twist: 58.4% of their total weight is constructed from recycled material. Namely, that of second-life steel. On top of that, the watch straps are made from recycled PET plastic in a bid to help keep our oceans clean. All of this was achieved without losing any of the high standards that come with a traditional stainless-steel case: the timepiece still boasts water resistance up to 300m, a durable automatic movement with a three-day power reserve, and the classic Panerai crown lock. The three pieces come in three unique shades, and each pay homage to the tones of the ocean in their own way.

The EcoTitanium Submersible and Luminor Marina eSteel was just the start of other luxury brands looking towards being more sustainable. Oris, recently announced it had been certified climate neutral through offsetting carbon emissions and making radical changes to its products and factory to reduce its carbon output. The symbol of their work is the Aquis Date Upcycle – a version of its 300m dive watch with a dial made from recycled PET plastic. To produce the dials using salvaged plastic from our oceans, Oris have partnered with #TIDE, a Swiss organisation that upcycles ocean-bound plastic waste and transforms it into a premium raw material. #TIDE collects various types of plastic – including Polyethylene Terephthalate (PET), Polypropylene (PP), and Polyethylene (PE) – and upcycles this into granulate, yarn or filament to be used as raw material for all sorts of new applications. As the recycling process brings colours together at random, no two dials are the same, in effect making each watch unique.

Breitling has followed suit, but with a focus on the impact of their packaging: over a year ago announcing that their watch boxes would be made of 100% upcycled plastic bottles. To further compensate for the impact of transporting such objects around the world, the boxes are flat-packed and this is offsetting the volume-issues, prefabricated, carbon-footprint-heavy watch boxes which exist in the industry. The boxes are small, sleek, and friendly to the planet.

Breitling's timepieces continue to reflect its aspirations to sustainability. The Superocean Heritage '57 Outerknown is an example of this: the surf-culture-inspired piece fittingly comes on a single-piece yarn strap, made of material called ECONYL that is based on ocean nylon waste. It's Breitling's own sustainable strap option and is specifically produced from that of fishing nets. The timepiece is delivered in the very same flat-packed box mentioned above.

CARTIER TANK MUST
'INNOVATION'
With a steel case and silvered dial, this looks like a Cartier. But this version contains a 'SolarbeatTM' photovoltaic movement that recharges in the sun, and the 'leather strap' is actually made from apple waste.

OMEGA SPEEDMASTER
38 ORBIS EDITION
OMEGA has been an avid supporter of Orbis International and its Flying Eye Hospital since 2011. A proportion of the proceeds from this handsome 38mm steel chronograph with sun-brushed blue dial will go to the foundation.

CHOPARD ALPINE EAGLE
Chopard has long been using ethical gold and fair-mined diamonds. Now it can add wildlife conservation to its CV with the launch of the new Alpine Eagle collection in support of the Eagle Wings Foundation.

Ulysse Nardin has also dived deep into assessing their impact on the ocean. Indeed, the Swiss watchmaker pledged to meet the United Nations' 17 Sustainable Development Goals by 2030 but aims to "reduce marine population by integrating materials culled from the ocean whenever possible." Fitting with this statement, Ulysse Nardin released the steel diver 'Lemon Shark', set on an 'R-STRAP' – a band of recycled fishing nets gathered from the seabed along the coast of France. The launch coincided, without coincidence, on World Ocean Day and, with the launch, Ulysse Nardin partnered with Ocearch and Florida International University (FIU) Medina Aquarius Program in the FIU Institute of Environment. As the 300-piece watch's name makes clear, its purpose is also to highlight the threat to the Lemon Shark – hence the zippy-yellow detailing.

Luxury brand Cartier is more discreet in their bid to sustainability. The Cartier Tank Must innovation elegantly conceals its signature eco-feature: a 'Solarbeat' movement with a photovoltaic cell that's powered by light that can only penetrate the watch's dial through its numerals. At a glance, the Cartier Solarbeat dial looks remarkably similar to the Cartier Tank Louis dial, but only on closer inspection can you tell that the numerals on the dial slightly differ as to allow for the photovoltaic cells underneath to charge.

The work on the Solarbeat innovation is so complex and impressive, it's said the battery can offer 16 years of autonomy before it needs replacing. Comparatively, two or three years are expected in a standard quartz watch battery. Rounding out the story from Cartier is a strap made of non-animal leather. Called 'Altstrap', the highly innovative material is 40% of vegetable origin, produced from apple residues used in the agri-food industry in Switzerland, Germany and Italy.

The story of sustainability in the world of horology so far shows one of success. By moving in from traditional materials, these brands have introduced a type of new 'luxury' into the mix and are more than up to par. They retain the values of luxury and are designed to bring a lifetime of enjoyment.

Words taken from our in-house publication, Calibre, by Robin Swithinbank. Robin is a former editor of Calibre, and now writes for The New York Times, British GQ, and the Financial Times.

RECOGNISING EFFECTIVE RISK MANAGEMENT

"Risk management plays a vital role in supporting the delivery of the Group's strategic objectives, protecting stakeholder interests, and delivering long term success."

BRIAN DUFFY
CEO

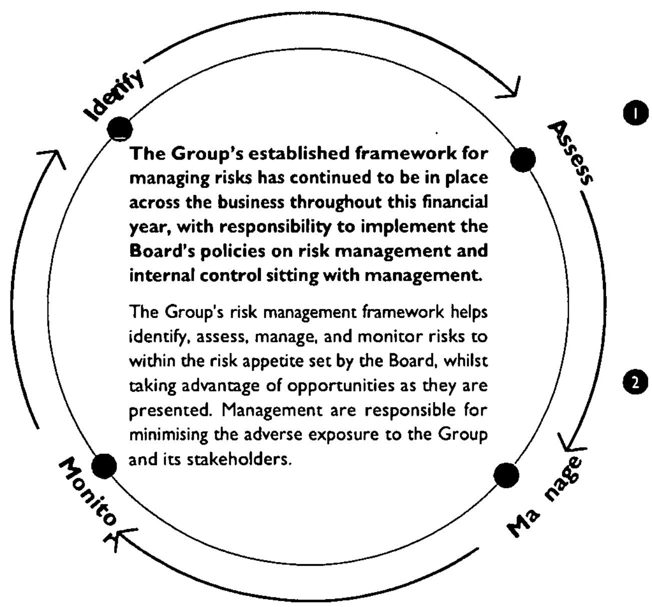
The Watches of Switzerland Group defines risk as uncertainty around the organisation's ability to achieve its objectives and execute its strategy effectively. Risks can be positive (opportunities) and negative (threats) and are a combination of the likelihood of an event and the impact of the consequence.

As with any business, the Group faces risks and uncertainties that could impact the delivery of strategic and operational objectives. Effective risk management helps support the successful delivery of the Group's strategic objectives. The Board's role is central to understanding and providing oversight into how risks are being managed and addressed. The Board has established a framework of prudent and effective controls which enable risk to be assessed and managed. The Board takes responsibility for the management of risk and internal control systems throughout the business. This includes determining the nature and extent of the principal risks the Board is willing to take in achieving strategic objectives (the Board's risk appetite), and challenging management's implementation of effective systems of risk identification, assessment, prioritisation, and management.

The Audit Committee, on behalf of the Board, has responsibility for maintaining oversight of the Group's framework for risk management. Whilst ultimate responsibility for the oversight of risk management rests with the Board, the effective day-to-day management of risk is embedded within the business through a layered assurance approach.

The Board recognises that risk management is an integral part of good corporate governance and management practice and to be most effective, should become embedded within the organisation's culture. The Board is, therefore, committed to ensuring that risk management forms an integral part of its philosophy, practices, and business plans rather than being viewed or practised as a separate programme and that responsibility for implementation is accepted at all levels of the organisation. During the year, the Board reviewed the effectiveness of the Group's risk management and internal controls systems. This review included the discussion and review of the risk registers and the internal controls across all business functions, as part of an annual exercise facilitated by the Internal Audit team.

RISK MANAGEMENT PROCESS



The Group's established framework for managing risks has continued to be in place across the business throughout this financial year, with responsibility to implement the Board's policies on risk management and internal control sitting with management.

The Group's risk management framework helps identify, assess, manage, and monitor risks to within the risk appetite set by the Board, whilst taking advantage of opportunities as they are presented. Management are responsible for minimising the adverse exposure to the Group and its stakeholders.

Climate-related risks follow the same framework as all other risks impacting the business. Additional information relating to the Group's Task Force for Climate-Related Financial Disclosure, including risk management compliance, governance, strategy, and TCFD related risks, can be found on page 138.

1 IDENTIFY

- Risk registers are completed by each business function, identifying the risks in their areas of control
- The Audit Committee and Board identify key risks to the Group's strategic priorities
- Horizon scanning takes place periodically with Senior Management

2 ASSESS

- The likelihood of risk occurrence and the potential impact of the risk are assessed. This assessment takes place before and after consideration of mitigating controls
- The risks are reviewed to determine their categorisation, including financial, operational, client, regulatory and reputational
- Appetite for each key risk is assessed with a target risk position agreed to reflect the level of risk that the business is willing to accept

3 MANAGE

- Controls and mitigation plans are implemented to manage the risks
- Consideration is given to the Board's risk appetite to help determine the appropriate risk management strategy
- Actions are agreed to further manage the identified risks, in line with risk appetite and according to risk strategy

4 MONITOR

- Continued oversight and tracking of identified risks. These are presented to the Audit Committee, the Board, and the Trading Board
- Internal Audit review the effectiveness of controls and identify gaps in control requiring further action
- Risk incidents are reviewed, and the lessons learned drive further mitigation

WHAT WE MONITOR

GROUP RISK REGISTER

Summary of the key risks facing the Group, prepared through review of departmental risks identified though the bottom-up risk identification process, and the Group level risks identified and owned by the Trading Board.

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OUR RISK LANDSCAPE

- Current risks: risks we are managing now that could stop us from achieving our strategic objectives
- Emerging risks: risks with a future potential impact from external or internal opportunities or threats

WHAT WE ASSESS

- Risk ownership: each risk has a named owner
- Likelihood and impact: globally applied scoring scale
- Gross risk: before mitigating controls
- Mitigating controls: subject to Internal Audit review
- Net risk: after mitigating controls applied
- Risk movement: any change in risk score since previous assessment
- Risk appetite: defined at subcategory level
- Target risk: overall target risk score
- Actions: for further mitigation, if required

OUR IDENTIFIED RISKS

Risks are categorised into one of five categories:

- Financial
- Operational
- Client
- People
- Regulatory
- Climate Change

↓

DEPARTMENTAL RISK REGISTERS

Owned by individual departments and teams across the Group. These identify specific risks and mitigating controls arising from day-to-day operations.

HOW WE MONITOR

The diagram below sets out the key responsibilities and key activities of the various functions of the Group in relation to risk management.

BOARD
Collective responsibility for the management of risk throughout the business

- Oversees the adoption of appropriate risk management systems that identify emerging and established risks facing the Group and its stakeholders
- Determines the nature and extent of the principal and emerging risks faced by the Group and those risks which the business is willing to take in achieving its strategic objectives (determining its 'risk appetite')
- Agrees how the principal risks should be managed or mitigated and over what timeframe to reduce the likelihood of their incidence or the magnitude of their impact
- Establishes clear internal and external communication channels on the identification of risk factors
- Determines the monitoring and review process
- Reviews and approves the Group Risk Management policy

TRADING BOARD
Managing the risk management process on a day-to-day basis

- Conducts a quarterly review of the risk register and principal risks
- Members have responsibility for managing risk within their areas of responsibility
- Identifies new and emerging risks

AUDIT COMMITTEE
Oversees risk management systems and process, under delegation from the Board

- Assists the Board to fulfil its corporate governance responsibilities in relation to financial reporting, internal controls, and the risk management framework
- Conducts formal reviews of the principal risks twice a year, one of which is in connection with the consideration of the viability statement
- Reviews and oversees the Group risk register and risk management framework and assesses their effectiveness in mitigating Group level risks
- Reviews key risk areas with relevant Senior Managers to understand the nature of the risks and adequacy of the mitigations and controls in place

OPERATIONAL MANAGEMENT
Identifying and managing risks on a day-to-day basis

- Maintain the business function risk registers
- Identify and assesses risk within their business functions and implements actions to reduce risk exposure to an acceptable target level
- Embed and manage internal controls and risk management processes as part of business-as-usual operations

OPERATIONAL AUDIT, LOSS PREVENTION AND SECURITY TEAM
Reviews compliance with certain key internal procedures in stores and at other locations

- Provides an objective compliance and monitoring overview
- Identifies non-compliance with key business processes

INTERNAL AUDIT
Provides assurance to the Audit Committee through independent reviews of agreed risk areas

- Facilitates updates to the corporate and business function risk registers in partnership with operational management
- Presents the outcome of the risk review to the Trading Board and the Audit Committee
- Ensures that principal risk topics are scheduled for regular review by the Board
- Shares risk management information and best practice across the Group

RISK APPETITE

THE UK CORPORATE GOVERNANCE CODE REQUIRES COMPANIES TO DETERMINE THEIR RISK APPETITE

Risk appetite is an expression of the amount and types of risk that the Company is willing to take to achieve its strategic and operational objectives. The Group accepts that it cannot achieve its long term strategic objectives without being exposed to an element of risk. Understanding current and emerging risk is therefore integral to the Group's decision-making process.

The Board determines the amount of risk the Group is willing to accept in the pursuit of the Group's strategic objectives, dependent on the type of risk. In exploring risks and opportunities, we prioritise the interests and safety of our clients and colleagues and seek to protect the long term value and reputation of the brand, while maximising commercial benefits to support responsible and sustained growth.

The Group assesses the level of risk exposure against its associated risk appetite to ensure that we appropriately prioritise our resources to manage risks within our risk appetite. Where the residual risk remains outside the Board's risk tolerance, additional actions are identified to further mitigate the risk down to an acceptable target level.

The Group's risk appetite and tolerance levels were considered and approved by the Board and are reviewed annually. These are used to set tolerance limits and target risks for each of the principal risks and refine mitigation plans where appropriate.

In summary, the Board has a very low appetite (risk averse) for risks that could lead to breaches of legal and regulatory requirements. The Group has a low appetite for risks that could impact its reputation, for example in the areas of data management and cyber security. In contrast, the Group has a higher risk appetite (risk open) in relation to business strategy, as evidenced through our recent growth in both UK and US markets, and future growth in European markets.

IDENTIFICATION, EVALUATION AND MANAGEMENT OF THE GROUP'S RISKS

The Board has completed its assessment of the Group's risk landscape and has identified these to be the most significant risks and uncertainties that may impact the Group's ability to achieve its strategic and operational goals. The Group recognises that the profile of risks constantly changes, and additional risks not presently known, or that may be currently deemed immaterial, may also impact the Group's business objectives (as detailed on page 82) and performance. The risk management framework is therefore designed to manage rather than eliminate the risk of failure to achieve business objectives, and, as such, can only provide reasonable and not absolute assurance against these principal uncertainties impacting on business performance.

The Board confirms that it has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future success, solvency, or liquidity.

IMPACT OF THE PANDEMIC ON PRINCIPAL RISKS AND UNCERTAINTIES

Although the pandemic continues to remain an external risk impacting colleagues, clients, the supply chain, and showrooms, the risk has reduced substantially over the last 12 months. The continued advancement and roll out of the vaccine programme and the easing of lockdown restrictions has enabled operations at showrooms, offices, and distribution centres to return to full operation.

The risk of another rise in the pandemic infections posed by virus variants and a return to pandemic restrictions is under constant review, and if necessary, our proven response plan can be rapidly redeployed. Our business model was resilient during the pandemic, and we were agile in our response.

During the year, we continued to embed the lessons learned from the pandemic, including consideration of both the specific consequences of the virus and its impact on the underlying principal risks being managed.

The pandemic has influenced the profile of our principal risks and the Group's response to this has resulted in a stronger control environment, with improved flexibility, that allows key mitigating activities to be adapted in response to such events.

We have taken the opportunity to strengthen the overall governance and effectiveness of our organisational activities by re-examining our disciplines and ways of working in key areas as a result of our learnings from the pandemic. Many of these activities now form part of permanent business activity.

EMERGING RISKS

As part of the ongoing risk management framework described above, the Group identifies emerging risks and determines their potential impact on the business. The Group undertakes horizon scanning to monitor any potential risks that could change our industry and/or our business, looking at both the inherent risk and opportunity. Emerging risks are new and evolving, and thus their full potential impact is still uncertain.

The Group defines emerging risks as newly developing risks that are often difficult to quantify but may materially affect our business. Emerging risks are usually highly uncertain risks which are external to the Group, and we take a proactive approach to the emerging risk management processes, with the objective of enabling us to:

- Identify, manage, and monitor a broad range of potential emerging risks
- Mitigate the impact of emerging risks which could impact the delivery of the Group's strategy

We record each emerging risk within an Emerging Risk Register.

The climate change emerging risk from FY21 has now been recognised as a principal risk in the section below.

The Board's assessment of the principal risks and uncertainties facing the Group and the mitigation in place is set out below.

BUSINESS STRATEGY EXECUTION AND DEVELOPMENT

Principal risk description

If the Board adopts the wrong strategy or does not implement its strategy effectively, the business may suffer.

The Group's growth strategy exposes it to risks and the Group may encounter setbacks in its ongoing expansion in the UK, US, and Europe.

The Group's significant investments in its showroom portfolio, IT systems, colleagues and marketing may be unsuccessful in growing the Group's business as planned.

The Group may make acquisitions or other investments that prove unsuccessful or divert its resources. Successful growth through future acquisitions is dependent upon the Group's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms, complete such transactions and successfully integrate the acquired businesses.

The Group may fail to respond to the pressures of an increasingly changing retail environment effectively and rapidly. The re-evaluation of priorities and their delivery, including the consideration of initiatives to respond to permanent changes in client behaviours or to change working practices, is paramount in the current environment.

How we manage or mitigate the risk

- The Board reviews its business strategy on a regular basis to determine how sales and profit can be maximised, and business operations can be made more efficient
- The Board has significant relevant experience, including in the retail and luxury markets
- The CEO provides updates to the Board on key development opportunities and initiatives
- Expansion of the property portfolio or potential acquisitions must meet strict payback criteria. Return on investment of marketing and other investment activity is monitored closely
- Key management information is provided to the Board on a regular basis to help inform strategic decision-making
- The Group adapted its strategy to take advantage of online trading and remote clienteling activities to maximise sales throughout lockdown periods and post re-opening
- The Group has diversified its operations through the expansion of mono-brand boutiques and ecommerce platforms. Having entered the US market and the European market, there is international market diversification reducing reliance on one territory

Change in risk

⊖ No change

Links to strategy

(1) (2) (3) (4) (5) (6) (7)

STRATEGIC PRIORITIES

(1) Grow revenue, profit and Return on Capital Employed	(5) Leverage best in class operations
(2) Enhance strong brand partnerships	(6) Expand multi-channel leadership
(3) Deliver an exceptional client service	(7) Continue to advance the ESG agenda
(4) Drive client awareness and brand image	

KEY SUPPLIERS AND SUPPLY CHAIN

Principal risk description

The manufacture of key luxury watch brands is highly concentrated among a limited number of brand partners and the production of luxury watches is limited by the small number of master watchmakers and the availability of artisanal skills. Owners of luxury watch brands control distribution through strict, selective distribution agreements. Consequently, the relationship with owners of luxury watch brands is crucial to the Group's success.

Some of the Group's distribution agreements with luxury watch brands provide owners of such brands with a right to terminate the agreement in the event of a change of control and/or management of the Group. The Group is subject to the risk that owners of luxury watch brands may decide to terminate these contracts or otherwise not to renew them upon expiry, or to reduce the number of agencies they grant to the Group.

The Group's distribution agreements with suppliers do not guarantee a steady supply of merchandise.

The Group's business model may also come under significant pressure should the owners of luxury watch brands choose to distribute their own watches, increasingly or entirely by-passing third-party retailers such as the Group.

As a result of COVID-19 or other pandemics, supplier manufacturing operations could be forced to close, impacting operational activities, client experience and business strategy.

How we manage or mitigate the risk

- The Group fosters strong relationships with suppliers, many of which have been held for a significant length of time
- Supplier distribution contracts are monitored to ensure ongoing compliance with contractual obligations
- The Group works collaboratively with jewellery brands to identify product trends and forward demand
- Continued focus on providing exceptional client experience, representing the brands in the best possible way
- In-depth training for showroom colleagues is provided, including specific training provided by the brand partners
- The Group's sales mix is becoming more broad-based, with less reliance on individual brands to drive success

Change in risk

No change

Links to strategy

(1) (3) (5) (7)

CLIENT EXPERIENCE AND MARKET RISKS

Principal risk description

An inability to maintain a consistent high-quality experience for the Group's clients across the sales channels, particularly within the showroom network, could adversely affect business.

The increased number of registration of interests and waiting times for luxury watches could adversely impact the perceived client experience.

The Group faces competition and any failure by the Group to compete effectively could result in a loss of market share or the ability to retain supplier agencies. Long term consumer attitudes to diamonds, gold and other precious metals and gemstones could be affected by a variety of issues, including concern over the source of raw materials, the impact of mining and refining of minerals on the environment, labour conditions in the supply chain, and the availability and perception of substitute products, such as cubic zirconia and laboratory- created diamonds. Equally, longer term consumer attitudes to more technologically advanced watches, such as 'smart watches' could reduce consumer demand for luxury watches.

How we manage or mitigate the risk

- The Group provides the ultimate luxury environment for its clients to feel welcome, appreciated and supported
- The launch of our Xenia client service programme further elevates our client experience proposition (refer to pages 86 to 87)
- Exceptional training is provided for our showroom colleagues, and other client facing colleagues, to allow them to provide the best client service, along with in-depth product knowledge
- The Group is improving and formalising its registration of interest process
- The CRM database allows the Group to engage with clients on their journey from a potential to a loyal client
- The Group continues to invest in and develop its product offering to improve the value offered to consumers, retailers, and manufacturers
- Competitor activity is monitored in detail, enabling strategic decision-making on key market positions
- The diversification of the Group through mono-brand boutiques and significant online presence together with the Group's scale and technological capabilities are competitive advantages for the Group

Change in risk

No change

Links to strategy

(1) (2) (3) (4) (5) (6)

COLLEAGUE TALENT AND CAPABILITY

Principal risk description

The Group depends on the services of key personnel to manage its business, and the departure of such personnel or the failure to recruit and retain suitable personnel could adversely affect the Group's business.

Client experience is an essential element in the success of the Group's business, where many clients prefer a more personal face-to-face experience and have established personal relationships with the Group's sales colleagues. An inability to recruit, train, motivate and retain suitably qualified colleagues, especially with specialised knowledge of luxury watches, would have a material impact on the Group.

How we manage or mitigate the risk

- The Trading Board considers the development of Senior Management to ensure there are opportunities for career development, promotion, and appropriate succession
- The Nomination Committee considers the succession planning for the Board, and Senior Management
- The Group's 'VibE' recognition programme is in place to incentivise and motivate colleagues
- A share save scheme has been launched for all colleagues to participate in the growth of the Group
- A wide range of training and development programmes are available to colleagues, including the Group's own Academy
- A group-wide engagement survey provides an insight into what colleagues feel would make the Group an even better place to work
- The Group continually reviews the remuneration and benefits packages for all colleagues
- A focused project group has been established, with an objective to monitor and reduce retail labour turnover, particularly in the first year of employment
- The Group is initiating a shift from part time to full time contracts for retail colleagues
- A talent bank has been established, which provides a pipeline for management and high potential hires
- A two-way engaging communications platform, Workplace, was successfully piloted and launched in both the UK and US. This new social channel will underpin Group communications in the coming years

Change in risk

The economic environment is impacting the current labour market, therefore increasing the Group's risk relating to the ability to recruit, train, motivate and retain suitably qualified colleagues

Links to strategy

(1) (2) (3) (4) (5) (6)

DATA PROTECTION AND CYBER SECURITY

Principal risk description

The increasing sophistication and frequency of cyber-attacks, coupled with data protection laws, highlight the escalating information security risk facing all businesses.

As the Group operates in both the US, UK, and European markets, the regulatory environment surrounding these areas is considered more complex.

Security breaches and failures in the Group's IT infrastructure and networks, or those of third parties, could compromise sensitive and confidential information and affect the Group's reputation.

Theft or loss of Company or client data or potential damage to any systems from viruses, ransomware or other malware could result in fines and reputational damage to the business that could negatively impact on our sales.

How we manage or mitigate the risk

- Significant investment in systems development and security programmes
- Systems vulnerability and penetration testing is carried out regularly
- The Data Protection Committee meets regularly to review related processes and emerging risks
- GDPR policies, procedures, and training in place
- Strict access rights are in place to limit access to data and reports to limited people
- Regular communication with colleagues on the risk of 'phishing' emails and alerts of identified examples
- Security Information and Event Management (SIEM) tools have been introduced across the Group's technology estate
- VPN security controls have been enhanced considering the increased requirement for use through working from home arrangements
- Enhanced password security measures have been introduced to decrease the likelihood of a breach

Change in risk

A heightened risk across all organisations

Links to strategy

(2) (3) (5)

STRATEGIC PRIORITIES

(1) Grow revenue, profit and Return on Capital Employed	(5) Leverage best in class operations
(2) Enhance strong brand partnerships	(6) Expand multi-channel leadership
(3) Deliver an exceptional client service	(7) Continue to advance the ESG agenda
(4) Drive client awareness and brand image	

BUSINESS INTERRUPTION

Principal risk description

Adverse weather conditions, pandemics, travel disruption, natural disasters, terrorism, acts of war or other external events could adversely affect consumer discretionary spending or cause a disruption to the Group's operations.

The inability of the Group to be able to operate showrooms or a significant reduction in available colleagues to operate the business, such as during a material pandemic, would significantly impact the operations of the business.

The Group offers flexible delivery options (home delivery or click and collect in showroom) and its online operations rely on third-party carriers and transportation providers. The Group's shipments are subject to various risks, including labour strikes and adverse weather.

The Group may experience significant theft of products from its showrooms, distribution centres or during the transportation of goods. If a hold-up, burglary, or other theft incident takes a violent turn, the Group may also suffer reputational damage and our clients may become less inclined to visit our showrooms.

Disruptions to, or failures in, the Group's IT infrastructure and networks, or those of third parties, could disrupt the Group's operations, especially during periods of increased reliance on these systems such as those experienced during the pandemic lockdowns.

The Group relies on IT networks and systems, some of which are managed by third parties, to process, encrypt, transmit and showroom electronic information, and to manage or support a variety of business processes and activities, including sales, supply chain, merchandise distribution, client invoicing and collection of payments.

How we manage or mitigate the risk

- The Group has a framework of operational procedures and business continuity plans that are regularly reviewed, updated, and tested
- The multi-channel model allows clients to purchase online from the safety and comfort of their homes
- Robust security arrangements are in place across our showroom network to protect people and products in the case of security incidents
- A comprehensive insurance programme is in place to offset the financial consequences of insured events
- Business critical systems are based on established, industry leading package solutions
- A detailed IT development and security roadmap is in place aligned to our strategy
- Reliable and reputable third-party logistic partners have been engaged to ensure the secure transportation of goods
- The Group put in place action plans to effectively deal with the pandemic impact on business operations which could be applied to future pandemics

Change in risk

No change

Links to strategy

(1) (2) (3) (4) (5) (6) (7)

REGULATORY AND COMPLIANCE

Principal risk description

Fines, litigation, and reputational damage could arise if the Group fails to comply with legislative or regulatory requirements including, but not limited to, consumer law, health and safety, employment law, data protection, anti-bribery and corruption, competition law, anti-money laundering and supply chain regulations.

As the Group expands in the US and Europe, there is a risk the business lacks the detailed knowledge of US and European laws and regulations resulting in a breach, significant fine and reputational impact.

How we manage or mitigate the risk

- The Group actively monitors both regulatory developments in the UK, US, and Europe and compliance with existing obligations
- Clear policies and procedures are in place, including, but not limited to, anti-bribery and corruption, whistleblowing, and data protection
- Mandatory induction briefings and training for all colleagues on regulation and compliance
- Experienced in-house legal team with external expertise sought as needed
- The established culture and values foster open, honest communication
- Operational activities have been amended, and continue to be updated, to comply with guidance provided by the Government to prioritise the safety of colleagues and clients
- Regulatory compliance reviews form part of the rolling Internal Audit plan

Change in risk

Expansion into new territories

Links to strategy

(2) (3) (5)

ECONOMIC AND POLITICAL

Principal risk description

The Group's business is geographically concentrated in the UK and US, and is expanding into Europe. Any sustained stagnation or deterioration in the luxury watch or jewellery markets or decline in consumer spending in these territories could have a material adverse impact on the Group's business.

The Group or its suppliers may not be able to anticipate, identify and respond to changing consumer preferences in a timely manner, and the Group may not manage its inventory in line with client demand.

Ongoing legal, political, and economic uncertainty in the UK, US and international markets could give rise to significant currency fluctuations, interest rate increases, adverse taxation arrangements or affect current trading and supply arrangements.

How we manage or mitigate the risk

- Regular monitoring of economic and political events
- Focus on client service to attract and retain clients
- Detailed sales data is analysed to anticipate future trends and demand, taking into consideration the current economic environment
- Through the expansion into the US and Europe, the Group is not wholly dependent on the economic or political environment in one single market

Change in risk

The economic environment and high inflation rates in both the UK, US, and Europe, mean that this is a heightened risk

Links to strategy

(1) (2) (3) (4) (5) (6)

BRAND AND REPUTATIONAL DAMAGE

Principal risk description

The Watches of Switzerland Group's trading brands and its corporate brand are an important asset, and failure to protect the Group's reputation and brand could lead to a loss of trust and confidence. This could result in a decline in the client base, affect the ability to recruit and retain the best people, and damage our reputation with our suppliers or investors.

How we manage or mitigate the risk

- The Group has a clear and open culture with a focus on trust and transparency
- Training and monitoring of adherence by colleagues to Group policies and procedures
- Good client experience is a key priority of the Group
- The Group undertakes regular client engagement to understand and adapt the product, offer, and showroom environment
- The use of bold, impactful, digital-led marketing, along with an in-depth knowledge of products, makes the Group an authority in the markets it serves

Change in risk

No change

Links to strategy

(1) (2) (3) (4) (5)

FINANCIAL AND TREASURY

Principal risk description

The Group's ability to meet its financial obligations and to support the operations and expansion of the business is dependent on having sufficient funding over the short, medium, and long term. The Group is reliant on the availability of adequate financing from banks and capital markets to meet its liquidity needs.

The Group's level of indebtedness could adversely affect its ability to react to changes in the business and may limit the commercial and financial flexibility to operate the business.

The Group is exposed to foreign exchange risk and profits may be adversely impacted by unforeseen movements in foreign exchange rates.

Significantly reduced trading over an extended period, due to the pandemic, could impact the business's ability to operate within committed credit facilities. This has been considered as part of the Group's going concern and viability assessment on page 166.

How we manage or mitigate the risk

- The Group's net debt/cash position, available funding and cash flow projections are regularly monitored by management and the Board
- Exchange and interest rates are regularly reviewed to determine if hedging should be put in place
- A three-year strategic cash flow is prepared and stress-tested, including the impact on covenant calculations
- Quarterly meeting with the lenders agent to update on forecast and trading

Change in risk

No change

Links to strategy

(1) (5) (6) (7)

STRATEGIC PRIORITIES

(1) Grow revenue, profit and Return on Capital Employed	(5) Leverage best in class operations
(2) Enhance strong brand partnerships	(6) Expand multi-channel leadership
(3) Deliver an exceptional client service	(7) Continue to advance the ESG agenda
(4) Drive client awareness and brand image	

CLIMATE CHANGE

Principal risk description

The Group has recognised the potential reputational, operational, and financial impacts of climate change on our business, which has led to this risk being moved from an emerging risk in FY21 to a principal risk in FY22.

The increased frequency of extreme weather events may lead to the significant disruption of retail showrooms, offices, and distribution centres, through flooding and strong winds. The supply chain may also be impacted through transporting goods to showrooms.

In a changing climate, there is the potential for higher insurance premiums for business operations, especially ones located in specific geographies.

The increasing cost of energy and potential regulatory mechanisms on direct carbon emissions, may impact business financials and profit if the Group cannot transition to a more low carbon business model.

The Group's reliance on premium raw materials, which is a finite resource, increases its exposure to resource scarcity, and the potential increased cost of obtaining these resources in a challenging supply chain environment.

The Group may fail to implement its mitigation strategy to reduce its impact on the climate and manage the risk appropriately, leading to increased scrutiny from stakeholders and investors, resulting in reputational damage.

How we manage or mitigate the risk

- Climate-related issues are addressed at least three times a year by the ESG Committee, and our CFO has taken operational responsibility for climate-related issues. Management assess and manage climate-related risks and opportunities via the Audit Committee, where reports on progress towards carbon reduction targets are presented
- The Group undertook a qualitative and quantitative climate scenario analysis (CSA) in 2021 which has identified risks and opportunities for the business and provided materiality and financial impacts of these risks to the business. Over the upcoming year, these results are being incorporated into our financial planning. The results of the CSA are also informing our US and UK business continuity plans for extreme weather events
- Mitigation initiatives are being implemented across the portfolio. These include:
  - Smart metering
  - Temperature controls
  - Collaboration with landlords to improve HVAC efficiencies
  - Electric vehicles used for company car and operational fleets
- Promoting the sustainable sourcing of our precious stones and metals, auditing our suppliers, and increasing our environmentally friendly product range
- The Group monitors its GHG emissions on an annual basis and has set near term SBTs aligned to 1.5°C under the Paris Climate Agreement of 50% absolute reduction in Scope 1 & 2 and 42% absolute reduction in Scope 3 emissions by 2030 from a baseline year of FY20

Change in risk

New risk

Links to strategy

(2) (3) (5) (7)

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 £217.7 million in available committed facilities, of which £120.0 million was drawn down. Net debt at this date was £14.1 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £189.6 million. The main UK bank facility £170.0 million expires in June 2024. The US$60.0 million US Asset Backed Loan (ABL) expires in April 2023, during the going concern period. No extension or new ABL has been signed and therefore the going concern assessment is based on the remaining £170.0 million facility from April 2023 onwards.

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. Covenant EBITDA is on a pre-IFRS 16 basis and excludes share-based payment and the Watches of Switzerland Group PLC company costs. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 months Adjusted EBITDA. This ratio must not exceed 3. The FCCR is the ratio of Adjusted EBITDA plus rent to the total finance charge and rent for the 12 months to the reporting date. This ratio must exceed 1.6. 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. The £20.0 million minimum headroom covenant was satisfied for each month to September 2021.

After the covenant waiver period, at 31 October 2021 and 1 May 2022, the Group comfortably satisfied the original covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 October 2023 from the date of this report. These included:

- The budget approved by the Board in March 2022, which included the following key assumptions:
  - A continued strong luxury watch market in the UK and US
  - Low levels of tourism and travel in the US and UK
  - Revenue forecast supported by expected luxury watch supply

  The budget aligns to the Guidance given on page 74. Under this budget, the Group has significant liquidity and comfortably complies with all covenant tests to 31 October 2023. It is also noted that the budget includes increased costs such as the general market rise in energy costs, in addition to the cost of actions being taken to achieve environmental targets.
- 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
- Severe but plausible scenarios of:
  - 10% reduction in sales against the budget due to reduced consumer confidence and lower disposable income due to the cost of living increase. This scenario did not include cost mitigations which are given below
  - A repeat of the FY21 pandemic impact on the ability of showrooms to trade modelled without Government support
- Under these scenarios the net debt to EBITDA and the FCCR covenants would 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:
  - Reduction of marketing spend
  - Reduction in the level of stock purchases
  - Restructuring of the business with headcount and showroom operations savings
  - Redundancies and pay freezes
  - Reducing the level of planned capex 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 October 2023. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the Group Financial Statements.

VIABILITY STATEMENT

In accordance with Provision 31 of the UK Corporate Governance Code 2018, the Directors are required to issue a Viability Statement declaring whether the Directors believe the Group is able to continue to operate and meet its liabilities over a period greater than 12 months, taking into account its current position and principal risks.

Assessment of prospects

The Directors have assessed the prospects of the Group by reference to its current financial position, its recent and historical financial performance, its forecasts for future performance, its business model (page 70), strategy (pages 81 to 105) and its principal risks and mitigating factors (pages 159 to 165). In addition, the Board regularly reviews the financial position of the Group, its liquidity and financial forecasts.

The Long Range Plan was reviewed and endorsed by the Board in April 2021, which included the following key assumptions:

- A continued strong luxury watch market in the UK and US
- Low levels of tourism and travel in the US and UK
- Revenue forecast supported by expected luxury watch supply
- A new bank facility at the current capacity is renegotiated in FY24 with similar covenant tests
- The financial impact of actions being taken by the Group to achieve its climate change commitment

The budget aligns to the Guidance given on page 74.

Assessment period

The Directors have assessed the prospects of the Group over a three-year period. This period is considered an appropriate timeframe to assess the Group's prospects and is consistent with the Group's business model, strategic planning period, management incentive schemes and medium term financing considerations.

Current financing

At the balance sheet date, the Group had a total of £217.7 million in available committed facilities, of which £120.0 million was drawn down. Net debt at this date was £14.1 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £189.6 million. The main UK bank facility £170.0 million expires in June 2024. The US$60.0 million US Asset Backed Loan (ABL) expires in April 2023.

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. Covenant EBITDA is on a pre-IFRS 16 basis and excludes share-based payment and the Watches of Switzerland Group PLC company costs. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 months Adjusted EBITDA. This ratio must not exceed 3. The FCCR is the ratio of Adjusted EBITDA plus rent to the total finance charge and rent for the 12 months to the reporting date. This ratio must exceed 1.6. During the three-year viability period the lending obligations and facility assumptions are as follows:

- Comply with the Debt to EBITDA and FCCR ratio at six monthly intervals from October 2021 to April 2025
- A new bank facility at the current capacity is renegotiated in FY24 with similar covenant tests

Assessment of viability

The strategic planning process reviewed by the Board is over a three-year period. In determining the appropriate assessment period, the Board considered the uncertainty regarding a number of global economic events, including the pandemic, the level of inflation, the cost of living increase and the war in Ukraine.

During the normal cycle of strategic planning, budgets and forecasts are approved by the Board in February/March each year.

In making the Viability Statement, the Board carried out a robust assessment of the principal risks and uncertainties facing Group as described on pages 159 to 165. In addition to the uncertainties noted above, the key risks identified that would have a material impact on the long term viability of the Group were the loss of a key supplier and the impact of a potential penalty for statutory breaches. The scenarios assessed in relation to viability were:

- Reverse stress-testing of this plan to determine what level of reduced EBITDA and other possible cash outflows would result in a breach of the lending requirements during the three-year period. This level of reduced EBITDA and other possible cash outflows is considered not to be plausible
- Severe but plausible scenarios of a 10% reduction in sales against the budget (not taking into account cost mitigations which would take place). These scenarios would still result in the net debt to EBITDA and the FCCR covenants all being complied with
- The loss of a key supplier to the business. This scenario would have a significant adverse impact on the Group but would not result in a covenant breach during the viability assessment period. Management consider that the strength of the current supplier relationship combined with the historic showroom investment and revenue growth achieved means that this scenario is not plausible
- The severe impact of any statutory noncompliance has been evaluated and would not result in a breach of the facility covenants

Whilst the pandemic and other global economic factors could impact the Group, the business' long term strategy for value creation in the UK, US and Europe remains unchanged. The advantages of the Group's multi-channel operating model coupled with its scale and technological expertise should enable the business to outperform the market, take market share and capitalise on the material growth opportunities in the US and Europe.

The financial impact of actions being taken by the Group to achieve its climate change commitment has been included in future cash flows and stress testing.

Conclusion

Based upon this assessment of the sensitivity around the significant loss of revenue built into the scenarios tested, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation to meet its liabilities as they fall due over the three-year assessment period.

APPROVAL OF STRATEGIC REPORT
Approved by the Board and signed on its behalf:

BRIAN DUFFY
CHIEF EXECUTIVE OFFICER
6 July 2022

2 *GOVERNANCE REPORT*

CHAIR'S INTRODUCTION

IAN CARTER
CHAIR

"The Board is fully committed to the highest standards of corporate governance and I am pleased to report that our framework continues to be extremely robust."

IAN CARTER
CHAIR

Welcome to the Corporate Governance Report, which I am pleased to present on behalf of the Board for the year ended 1 May 2022.

For part of the financial year, the pandemic continued to present us with some challenges which tested our governance framework in an unconventional environment. With the new processes and procedures put in place at the start of the pandemic, the Board and our colleagues continued to work well and collaboratively together, making significant progress on our Long Range Plan, which was introduced in July 2021.

In FY22 the Board continued to develop, and further progress was made on governance, including the completion of an externally facilitated board evaluation process. The evaluation ensured that the manner in which the Board operates was assessed and challenged. The Board has proven to be effective and works well together to promote the long term sustainable success of the Group with a clear focus on the interests of all stakeholders.

UK CORPORATE GOVERNANCE CODE 2018

The Board is fully committed to underpinning all of the Group's activities with the highest standards of corporate governance. This Corporate Governance Report explains how the Board seeks to ensure that we have effective corporate governance in place to help support the creation of long term sustainable value for all our shareholders and other stakeholders. The Company has established procedures which provide a basis for the Board to make proper judgements as to the financial position and prospects of the Group.

The Watches of Switzerland Group PLC (the 'Company') endorses the Corporate Governance Code 2018 (the 'Code') and the related FRC guidance on Board Effectiveness. We continue to monitor and review our governance arrangements and I can confirm that throughout the year ending 1 May 2022, the Company complied with all of the principles and provisions set out in the Code.

All Directors and Senior Management are aware of their duties and responsibilities under the Companies Act 2006, the Code, the FCA's Disclosure and Transparency Rules (DTR) and the Listing Rules (LR).

ENVIRONMENT, SOCIAL AND GOVERNANCE FACTORS

Board activities and stakeholder engagement

The Long Range Plan, which was approved by the Board in July 2021, sets out our vision for future growth. When making key decisions, the Board ensures alignment with the Group's strategy: its strategic areas of focus; and agreed approach to expansion as set out in the Long Range Plan. For each decision, the Board considers the need to promote success and long term sustainable value. More information on the Board's decision-making, as well as the interests of each of its stakeholders, can be found on pages 116 and 117 and on pages 176 and 178.

Rosa Monckton is our Designated Non-Executive Director, who provides information to the Board on key areas of interest and concern from our colleagues. This feedback helps us to ensure that our colleagues' perspectives are considered by the Board and Committees during their decision-making process. The CEO and Senior Management also report back regularly to the Board on colleague feedback. Our colleague engagement programme is sponsored internally by the Group Executive Director HR and this year's activities included participation in attending a number of our Listening Forums, both UK and US specific as well as one Global Listening Forum. Rosa's attendance at the Listening Forums ensures that the Board remains increasingly visible amongst our colleagues and, after each Forum, she reports back to the Board on her findings.

One of our continued strengths lies with our internal communications with colleagues and, towards the end of the year, we introduced a new interactive collaborative communication platform Workplace. Workplace is an 'all-in-one' business communication platform which allows the Board, Senior Management and colleagues to interact with each other, celebrate achievements, birthdays and service recognition as well as WOW client experiences and exciting business news.

Information on other stakeholder considerations and engagement can be found on pages 116 to 117 and the formal reporting on s172(1) can be found on page 116.

Creation of an ESG Committee

As reported in last year's Annual Report and Accounts, the Board approved the establishment of an ESG Committee in July 2021, which is chaired by Rosa Monckton and held its inaugural meeting in October 2021. The ESG Committee was specifically established to assist the Board in oversight of the ESG priorities of the Group and good progress has been made in developing an ESG strategy and goals.

Purpose, culture and values

The Board recognises the importance of is role in setting the tone of the Group's culture, aligning it with our purpose, values and strategy and embedding it throughout the Group. As the Group continues to grow internationally, it is particularly important that our purpose is reviewed regularly to ensure it remains relevant.

The strength of the Company culture was visible as all colleagues came together to display integrity, commitment and resilience throughout the pandemic. However, following the announcement of the Long Range Plan in July 2021, it became evident that the Company's purpose needed to evolve further to support the plans for long term growth and the Group's people strategy. As recommended by the ESG Committee the purpose and values were approved by the Board in March 2022, ensuring that the vision, culture, values and purpose are aligned for the future and remain central to the achievement of the Group's strategy.

Additionally, in support of the Group's purpose and values a new Code of Ethics was approved by the Board in May 2022.

The Board is satisfied that policies, practices and behaviours across the Group, are in line with the Company's purpose, values and strategy.

Board changes and succession planning

There have been some changes to the Board since last year's AGM. Bill Floydd was appointed Chief Financial Officer on 1 January 2022, as Anders Romberg stepped down from the Board, on the same date, and subsequently retired from the Company at the end of February 2022. We would like to thank Anders for his invaluable counsel and advice, particularly when the Company transitioned from private to public ownership. I would personally like to convey my thanks to Anders for his continued dedication in supporting the smooth transition during the transfer of the CFO responsibilities.

Chabi Nouri was appointed as a Non-Executive Director from 1 May 2022. Chabi joins us with a wealth of experience and relevant expertise, particularly in the luxury watch and jewellery sector and we are already benefiting from her contribution as a new Board member.

Additionally, Craig Bolton – Executive Director UK, and David Hurley – Executive Vice-President US were appointed to new roles of President UK & Europe, and President North America & Deputy CEO, respectively.

The Nomination Committee reviews succession planning both for the Board (executives and non-executive directors) and Senior Management each year. For more details regarding Board succession, and the Nomination Committee please see the report from page 184. For a wider understanding of the skills and experience of the Board see the biographies on pages 182 and 183.

DIVERSITY & INCLUSION

The Board recognises the importance of diversity and inclusion both in the boardroom and throughout the organisation. This includes the benefits of recruiting leaders who live the Group's culture and values and represent a diversity of gender, ethnicity, cognitive strengths and socio-economic, educational, and professional backgrounds to reflect the diverse communities we serve. For more information on the backgrounds of our Board members, please see their biographies on pages 182 and 183 and the composition of the Board on page 225.

We recognise the importance of both the FTSE Women Leaders Review, previously the Hampton-Alexander Review, for gender and the Parker Review for ethnicity. On gender diversity, I am pleased to report that, whilst the new recommendations of the Women Leaders Review, published in November 2021, encourage compliance by the end of 2025, the Company already fulfils the recommendation criteria. We have appointed, since the IPO, a woman appointed as the Senior Independent Director, more than 42.8% of women on the Board and also 43.5% of the combined Executive Committee and direct reports being women. The Nomination Committee has reviewed the Board Diversity Policy and made changes to ensure that these criteria are maintained.

During the year, the Board also met the previous gender targets set by the Hampton-Alexander Review for Board balance and we moved up to #11 in the FTSE 250 for Women on Boards in Leadership rankings, an increase from #98 of last year.

In terms of our ethnicity at Board level, I am also pleased to report the Board is now in line with the recommendations of the Parker Review which sets a target for each FTSE 250 Company to appoint at least one member of the Board from a minority ethnic background by 2024.

Our succession planning and future recruitment continues to take into account diversity as set out in our Board Diversity Policy, which can be found on our corporate website thewosgroup.com/governance/governance-documents/.

ANNUAL GENERAL MEETING

I look forward to engaging with you at the forthcoming AGM which is scheduled to take place on 1 September 2022, commencing at 2.30pm and which will be held at 36 North Row, London W1K 6DH. Full details including the resolutions to be proposed to our shareholders can be found in the Notice of AGM which will be sent to shareholders and made available on our corporate website. The outcome of the resolutions put to the AGM, including poll results detailing votes for, against and withheld, will be published via the regulatory news service and on the Company's website thewosgroupplc.com once the AGM has concluded.

FOCUS FOR 2023

As a Board, we recognise the value of having strategic debate in the Boardroom: taking tough decisions on priorities and working together to achieve the Group's objectives, whilst considering each of its stakeholders. Following the completion of our first externally-led Board evaluation, we have identified a number of key priorities for the coming year. I look forward to working on these with the Board, the Executive Team and Senior Management as we continue to execute the Long Range Plan and delivering excellence in business performance.

IAN CARTER
CHAIR
6 July 2022

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT 2022

This Corporate Governance Statement explains key features of the Group's governance structure and how the Group measures itself against the standards set out in the UK Corporate Governance Code 2018 (the 'Code'), as required by the Listing Rules of the Financial Conduct Authority, the accepted standard of good governance practice in the UK. A copy of the Code can be found on the Financial Reporting Council's website at www.frc.org.uk.

We believe that good governance provides the framework for stronger value creation and lower risk for shareholders. It is the Board's responsibility to instil and maintain a culture of openness, integrity and transparency throughout the business, through our actions and conduct, policies and communications.

We apply corporate governance guidelines in a way that is relevant and meaningful to our business and consistent with our culture and values. If we decide that the interests of the Company and its shareholders can be better served by doing things in a different way, we will explain the reasons why.

STATUTORY INFORMATION

The Group has chosen to provide certain disclosures and information in relation to the Corporate Governance Statement as required by DTR7.2 elsewhere in this Annual Report and Accounts. These are cross referenced in the table below:

Statutory information	Section of report	Page
Internal control and risk management	Risk Management	156
Securities carrying special rights with regard to the control of the Company	Directors' Report	226
Restrictions on voting rights	Directors' Report	226
Appointment and replacement of Directors and amendments to the Company's Articles	Directors' Report	225 & 226
Powers of the Company's Directors relating to transactions in own shares	Directors' Report	226
Purpose, values and culture	Environmental, Social and Governance	118

UK CORPORATE GOVERNANCE CODE 2018 COMPLIANCE

The Company's obligation is to state whether it has complied with the relevant provisions of the Code, or to explain why it has not done so (up to the date of this Annual Report and Accounts).

The Board confirms that, throughout the year, the Company has applied the principles, both in spirit and in form, and complied with the provisions set out in the UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in July 2018 (the 'Code'). The Company's governance arrangements have been considered alongside the Code. The information set out in the Corporate Governance Statement and the Directors' Report on pages 174 to 221, including the various Board committee reports (on pages 184 to 223) is intended to provide an explanation of how the Code's principles were applied practically throughout the year.

BOARD APPROVAL FOR THE CORPORATE GOVERNANCE STATEMENT 2022

This Corporate Governance Statement is approved by the Board and signed on behalf of the Board by the Chair and by the Company Secretary.

IAN CARTER
CHAIR

LAURA BATTLEY
COMPANY SECRETARY

UK CORPORATE GOVERNANCE CODE 2018

1
BOARD LEADERSHIP & COMPANY PURPOSE
READ MORE: Page 175

2
COMPOSITION, SUCCESSION & EVALUATION
READ MORE: Page 179 and 181

3
DIVISION OF RESPONSIBILITIES
READ MORE: Page 174

4
AUDIT, RISK MANAGEMENT & INTERNAL CONTROL
READ MORE: Page 180

5
REMUNERATION
READ MORE: Page 180

BOARD LEADERSHIP STRUCTURE

The following diagram shows the role of the Board and its Committees as well as the Trading Board.

BOARD OF DIRECTORS

The Board is collectively responsible for the long term success of the Company and the Group. The business of the Group is managed by the Board who may exercise all the powers of the Company. The Board delegates certain matters to the Board Committees, and delegates the detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business to the Executive Directors and other members of Senior Management. There is a schedule of matters specifically reserved for the Board which is reviewed and approved annually by the Board.

NOMINATION COMMITTEE
Undertakes an annual review of succession planning and ensures that the membership and composition of the Board, including the combination of skills and diversity, remains appropriate.

AUDIT COMMITTEE
Reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems and the independence and effectiveness of the External Auditor. Reviews and approves the responsibilities of the Internal Audit function and ensuring the necessary resources and access to information is in place.

REMUNERATION COMMITTEE
Determines the policy for remuneration, bonuses, long term incentive arrangements, contract terms and other benefits in respect of the Executive Directors, the Chair, the Company Secretary & General Counsel and Senior Management. Reviews workforce remuneration and related policies.

ESG COMMITTEE
Provides oversight on behalf of the Board in relation to the Group's ESG strategy and activities, overseeing any ESG strategic goals, targets and key performance indicators.

CHIEF EXECUTIVE OFFICER

- Leads the Executive Directors and the Trading Board
- Represents management on the Board along with the Chief Financial Officer

TRADING BOARD

- Day-to-day management of the Group's operations
- Executes the strategy once agreed by the Board

KEY ROLES

The Board has adopted written statements setting out the respective responsibilities of the Chair and the CEO, which are available on the corporate website.

The Board biographies are included on pages 182 to 183. A summary of the responsibilities of the Directors and key roles of the Board are set out below:

CHAIR
- Responsible for the operation, leadership and governance of the Board
- Sets the Board agenda and ensures sufficient time is allocated to ensure effective debate to support sound decision-making
- Ensures the Board is fully informed of all matters and receives precise timely and clear information sufficient to make informed judgements
- Ensures each Non-Executive Director makes an effective contribution to the Board
- Meets with the Non-Executive Directors independently of the Executive Directors

CHIEF EXECUTIVE OFFICER
- Management of the day-to-day operations of the Group
- Develops the Group's strategic objectives for consideration and approval by the Board
- Implements the strategy agreed by the Board
- Leads the Trading Board and Senior Management
- Manages the Company and the Group
- Ensures effective and ongoing communication with shareholders

SENIOR INDEPENDENT DIRECTOR
- Acts as a 'sounding board' for the Chair and serves as an intermediary for the other Directors where necessary
- Leads the Non-Executive Directors in their annual assessment of the Chair's performance
- Available to shareholders if they have concerns which the normal channels through the Chair, CEO or other Directors have failed to resolve

DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT
- Gauges the views of the colleagues and identifies any areas of concern
- Ensures the views and concerns of the workforce are taken into account by the Board, particularly when they are making decisions that could affect the colleagues
- Ensures the Board takes appropriate steps to evaluate the impact of proposals and developments on the colleagues and considers what steps should be taken to mitigate any adverse impact

NON- EXECUTIVE DIRECTORS

- Are all independent, experienced and influential individuals from a diverse range of industries, backgrounds and countries
- Provide constructive contribution and challenge to the development of the strategy to the Executive Directors
- Scrutinise the operational and financial performance of Senior Management
- Monitor the integrity of financial information, financial controls and systems of risk management
- Devote such time as is necessary to the proper performance of their duties

CHIEF FINANCIAL OFFICER

- Manages all aspects of the Group's financial affairs
- Works with the CEO to develop and implement the Group's strategic objectives
- Delivers the financial performance of the Group
- Ensures the Group remains appropriately funded to pursue its strategic objectives
- Ensures proper financial controls and risk management of the Group and compliance with associated regulation
- Ensures effective and ongoing communication with shareholders

COMPANY SECRETARY

- Supports the Board and its Committees with their responsibilities and ensuring information is made available to Board members in a timely fashion
- Supports the Chair of the Board in setting Board agendas, designing and delivering Board inductions and Board evaluations and co-ordinates post-evaluation action plans
- Advises on regulatory compliance and corporate governance matters
- Ensures compliance with the Board's procedures and with applicable rules and regulations
- Communicates with shareholders and organises the AGM

BOARD LEADERSHIP & COMPANY PURPOSE

THE ROLE OF THE BOARD

The Board provides leadership to the Group and is collectively responsible for promoting its long term success and for delivering sustainable value to all stakeholders.

The Board ensures that there is a sound system of internal control and risk management in place (including financial, operational and compliance controls) and ensures the overall effectiveness and maintenance of those systems.

The Board is supported by a number of Committees, to which it has delegated certain powers. The role of these Committees is summarised in the following pages, and their membership, responsibilities and activities during the year are detailed on pages 184 to 199.

Some decisions are sufficiently material that they can only be made by the Board as a whole. There is a Schedule of Matters Reserved ('Reserved Matters') for the Board, which contains items reserved for the Board to consider and approve, relating to strategy and management, material contracts, financial reporting and controls, internal controls and risk management, Board membership and succession planning, corporate governance, structure and capital, and delegation of authority. In addition to the Reserved Matters, each Board Committee has written Terms of Reference defining its role and responsibilities.

The Reserved Matters and the Terms of Reference of the Board Committees can be found on our corporate website. Further details regarding the role and activities of the Board can be found below and in the Directors' Remuneration Report which begins on page 200.

The Reserved Matters and the Committees' Terms of Reference are reviewed annually, updated as appropriate and approved by the Board.

The Board has received updates on its duties under the Companies Act 2006 and in particular is equipped to consider s172(1) of the Companies Act 2006 when decision-making for the Group.

Group policies and processes have been drafted with these duties in mind and to ensure that there is a culture of stakeholder engagement within the Group.

The Company Secretary ensures that as the Board makes decisions, the impact on any of the stakeholder groups is considered.

The Company's purpose and values can be found on page 02.

BOARD AND COMMITTEE ATTENDANCE

In addition to the six scheduled meetings, the Board held four additional meetings during the year to review the quarterly Trading Updates and delegate to the Disclosure Committee for the final approval. The Board also held a full-day strategy meeting and a number of ad hoc meetings were held to cover approvals which arose outside of the scheduled meetings.

In FY22, one of the scheduled Board meetings was held at a London showroom and, as travel restrictions have now been eased, it is the intention that during FY23 there will be a Board meeting held in the US.

The table below indicates the number of scheduled Board and Committee meetings during the financial year:

	Board		Audit		Remuneration		Nomination		ESG	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ian Carter	6	6	n/a	n/a	3	3	4	4	3	3
Brian Duffy	6	6	n/a	n/a	n/a	n/a	n/a	n/a	3	3
Bill Floydd[1]	1	1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tea Colaianni	6	6	4	4	3	3	4	4	3	3
Rosa Monckton	6	6	4	4	3	3	4	4	3	3
Robert Moorhead	6	6	4	4	3	3	4	4	3	3
Chabi Nouri[2]	–	–	n/a	n/a	n/a	n/a	n/a	n/a	–	–
Anders Romberg[3]	5	5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1 Bill Floydd was appointed as CFO on 1 January 2022.
2 Chabi Nouri was appointed as a Non-Executive Director on 1 May 2022.
3 Anders Romberg stepped down from the Board on 1 January 2022.

During the year, the Non-Executive Directors held one meeting without the Executive Directors present. The Chair also regularly maintains dialogue with each of the Non-Executive Directors outside of formal meetings.

BOARD SKILLS AND EXPERIENCE

It is essential to have an appropriate mix of experience, diversity and independence on the Board. Such diverse attributes enable the Board as a whole to provide informed opinions and advice on strategy and relevant topics, thereby discharging its duty of oversight. Appointments to the Board are made following consideration of the experience and expertise of existing directors, any required skill sets or competencies, and the strategic requirements of the Company.

The principles of the Code are embodied in both the Board and the Nomination Committee's approach to Board evaluation and succession planning. The Nomination Committee goes through a continuous process of evaluating the skills and experience required on the Board.

For further information on diversity considerations please see page 179 and the Nomination Committee Report on page 186.

INFORMATION AND SUPPORT

Full and timely access to all relevant information is given to the Board in advance of meetings. For Board meetings, this consists of a formal agenda, minutes of previous meetings and a comprehensive set of papers including regular operational and financial reports. Where ad hoc meetings were required outside of the scheduled meetings the Board is sent the documents, in advance, for consideration and approval.

All Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. Directors are entitled to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

All Directors have access to the advice and services of the Company Secretary & General Counsel.

PURPOSE, VALUES AND CULTURE

As set out in the Reserved Matters, the Board is responsible for establishing the Company's purpose and values and ensuring that these and the Company's culture are aligned. The Board monitors culture and seeks to ensure that business practices, policies and behaviours are aligned and embedded within the Company's purpose, values and culture. During the year, the Board held a session dedicated to culture and it is the intention that this will be an annual session.

The Board approved a new Code of Ethics, in May 2022, which supports existing policies, and provides, a high level overarching framework highlighting the standards of integrity expected from our colleagues. Further details can be found on page 151.

The Board takes responsibility for all the Group policies which are applicable to our colleagues, including the following:

- Anti-Bribery and Corruption
- Whistleblowing
- Anti Money Laundering
- Code of Ethics
- Corporate Criminal Offence Policy
- Health & Safety

Please see further information on Group policies on page 151.

STAKEHOLDER ENGAGEMENT

The s172(1) Companies Act 2006 Statement has been updated to include further details on how the Board have had regard to the need to foster the Company's business relationships and includes a Statement of Engagement with Colleagues, both to be read in conjunction with the Stakeholder pages in the Strategic Report which can be found on pages 116 to 117.

We understand that our business can only grow and prosper responsibly over the long term if we understand and respect the views and needs of our stakeholders including clients, colleagues and the communities in which we operate, as well as our brand partners and other suppliers and the shareholders to whom we are accountable. Knowing who our stakeholders are and what interests them enables us to manage their expectations and deliver upon their requirements. We ensure effective communication with all stakeholder groups by identifying key personnel who manage the relationships with them. During the year, we invited our stakeholder groups to participate in a materiality assessment to help us identify the ESG priorities which are important to them. Information on the Company's ESG materiality assessment, conducted with our key stakeholders can be found on page 120.

The Board discharges its responsibilities through an annual programme of meetings. Papers and presentations are given to the Board (and its Committees) to focus its oversight on strengthening the fundamental elements of the business and its performance ambitions. This information helps the Board facilitate effective decision-making and input, or aid the Board's oversight and awareness of business performance or routine good governance practices operated by the Company. Further details of a selection of principal decisions taken by the Board and how the interests of relevant stakeholders were taken into account in arriving at their decisions are set out below and on page 178.

Items of business considered critical to the Group's long term success through the achievement of the key priorities are highlighted opposite.

Governance In Action – Formation of an ESG Committee

Consideration of stakeholder views / interests and impact on decision-making

In light of the increasing importance of the ESG agenda for each of our stakeholders the Board agreed that an ESG Committee should be established to ensure focus and accountability, at the highest level, on the ESG priorities and targets. In addition to the Non-Executive Directors, in recognition of the importance of ESG matters to the Company's Long Range Plan and strategic objectives, the CEO is also a member of the Committee.

The Committee was established to assist with the formalisation of a structured ESG governance framework before monitoring the Company's ongoing execution, development of the ESG strategy and wider ESG initiatives and compliance with regulations. In addition to climate change and other environmental concerns, the framework includes social matters such as colleague wellbeing, community contributions, diversity & inclusion as well as governance issues.

In deciding to establish the ESG Committee, the views of our stakeholders, were taken into account, and their interests in interacting with organisations who were choosing to act responsibly with regard to protecting the planet. The Board considered the growing contingent of our investors expecting to see environmental, social and governance matters embedded within our strategic objectives. Our clients, are becoming increasingly concerned with ESG issues, to the point where we risk losing their loyalty if we cannot demonstrate that we are addressing these concerns.

The Board considered the ESG activity of brand partners, including environmental initiatives, and also the Supplier Code of Conduct and responsible supply chain protocols all brand partners sign up to.

The Board considered the increasing interest from our wider community, including current and prospective colleagues. Feedback from the Listening Forum, was considered, which included the need to minimise our impact on the environment and ensure that we do not contribute any further to the climate crisis. Matters of importance to stakeholders are not solely related to the product which the Group retails but also how it does business and the importance of contributing to local communities.

The Board concluded that the ESG Committee would support the Long Range Plan and the strategic pillars of the Group by earning the trust of its stakeholders and demonstrating how we are acting in their interests by supporting the planet which will lead to an enhanced reputation and lead to increase in value. We are pleased to be able to report that the Group is already experiencing the benefits and recognising the achievements of the objectives of the ESG Committee.

BOARD AREAS OF FOCUS IN FY22

Strategy

Oversight of strategy and the execution and implementation of the Long Range Plan

- Held an Annual Strategy Day focusing on key strategic matters, including emerging trends, client behaviour and future expectations, and brand relationships
- Reviewed and approved the US business development activities, acquisitions and various other projects
- Reviewed and approved objectives and ambitions of the European expansion. Approved the incorporation of new group subsidiaries to support the business expansion
- Received regular progress updates and approved the opening of the new Virtual Luxury Boutique as part of the ecommerce expansion
- Received regular progress updates for the showroom portfolio development, including refurbishment of the showrooms, Goldsmiths elevation and expansion of the mono-brand boutiques

People, values and culture

Oversight of People matters and culture

- Approved the Company's new purpose and values
- Considered feedback, from the Designated Non-Executive Director, Senior Management, on the UK and US Listening Forums and the Global Listening Forum
- Discussed the results of the colleague engagement, as well as the proposed actions resulting from the engagement survey
- Considered additional colleague wellbeing being initiatives
- Approved the establishment of an Employee Benefit Trust
- Reviewed the evolution of the Company's culture and considered the Board's role, particularly on governance matters
- Considered succession planning within the Board and Senior Management, resulting in the approval of appointments for the new CFO and Non-Executive Director, plus the President UK & Europe and the President North America & Deputy CEO
- Received an update on the newly established Diversity Council meeting
- Approved the Annual Gender Pay Gap Report

Planet and community

Actively supporting initiatives to reduce the Group's impact on the environment and to manage climate risks

- Approved the formation of a new Board ESG Committee and provided to the Committee's agenda and priorities
- Reviewed the Company's sustainability and environmental priorities and agreed approach to targets and climate change risk disclosures
- Approved the Company's Task Climate Financial Disclosures reporting approach
- Approved the annual Group Modern Slavery Statement
- Continued support of The Watches of Switzerland Group Foundation and approved donations during FY22
- Continued funding of various other charity initiatives to support the welfare of the communities in which the Company operate

Operational and financial performance

Oversight of the business performance, both operational and financial

- Approved the annual budget
- Scrutinised, on an ongoing basis, performance against budget, forecasts and monitoring performance against them
- Approved the Long Range Plan and agreed the strategy to support this plan
- Reviewed capex and payback on showroom refurbishments, showroom openings and acquisitions
- Considered updates on share price performance, activity and analyst sentiment
- Reviewed and approved Company filings, financial and non-financial reporting including Half Year, preliminary results announcements, Quarterly Trading Updates and the Annual Report and Accounts

Governance

Maintaining our robust governance framework:

- Approved the appointments of the new CFO and the new Non-Executive Director
- Considered observations and agreed actions from the FY21 Board evaluation
- Conducted an externally facilitated annual review of the Board and the Board Committees' effectiveness
- Reviewed Board diversity (particularly ethnicity) and approved a revised Board Diversity Policy, updated to reflect new governance guidelines set out by the FTSE Women Leaders Review
- Reviewed and continued to evolve the Board's governance architecture and received training on director duties and governance updates from Company lawyers
- Received reports on corporate governance and regulatory developments
- Updated and approved the Terms of Reference for Board Committees and approved new Terms of Reference for the ESG Committee
- Reviewed and approved the responsibilities of CEO and Chair
- Updated the Schedule of Matters Reserved for the Board
- Approved Delegated Levels of Authority
- Reviewed the Whistleblowing Policy and approved a new escalations protocol
- Approved a new Criminal Corporate Obligations Policy
- Approved the new Environmental Policy
- Approved the Notice of the 2021 AGM

Risks

Oversight of the Group's risk management framework

- Approved emerging and principal risks on the Group's business
- Considered and agreed an update on approach to setting the Group's risk appetite
- Received a deep dive presentation on IT roadmap and cyber security
- Reviewed the terms of the 2023 Insurance Renewal programme, and discussed the need for any additional cover

Clients

Received regular updates on how the client experience is continually being reviewed and improved

- Approved a new approach to clienteling to transform the client experience through Xenia a new Client Experience Programme
- Reviewed marketing activities and campaign including client events, following the easing of the pandemic related restrictions

Brand partners

Oversight of the establishment and building of the brand partner relationships

- Received a product deep dive review for watches – covering market trends, new lines and exclusives
- Considered engagement and maintaining the relationships with the brand partners
- Reviewed a strategy for our brand partners

Shareholders

Oversight of investor needs and requirements

- Received regular Investor Relations Updates (covering shareholder base, analyst coverage, press coverage, investor activity)
- Feedback from Executive Directors following meetings with investors, particularly roadshows after the Half Year and Full Year results. The feedback would highlight any concerns or issues raised by the investors
- Held a deep dive session facilitated by the Company's brokers

ENGAGING WITH SHAREHOLDERS

We welcome the opportunity to engage with our shareholders. The Chair has overall responsibility for ensuring that the Company has appropriate channels of communication with all of its shareholders and is supported in this by the Executive Directors, the Director of Investor Relations & Corporate Affairs, and the Senior Independent Director.

We are in frequent contact with investors through a scheduled programme of communications and engagements.

During the year, an external presentation was given by our brokers and investor relations updates are tabled within each Board pack giving the Board greater visibility of the investor relations programme.

The Board organises and directs the Group's affairs in a way that it believes will help the Group succeed for the benefit of its members as a whole, whilst having regard to each of its stakeholders generally. The Board seeks to ensure that it acts fairly between all members and considers both institutional investors and private shareholders when making decisions that impact them.

The Group ensures that it communicates the information that investors require, using traditional methods such as the Annual Report and Accounts, RNS newswires, corporate press releases and in person meetings. During the year, engagement included investor meetings attended by the CEO, CFO and the Director of Investor Relations & Corporate Affairs. Communication with investors is fed back to the Board. Additionally since the Chair's appointment he has met with a number of investors both in the UK and the US.

The Board also receives feedback from the Company's corporate brokers, the CEO, CFO and the Investor Relations Director & Corporate Affairs on the views of major shareholders on an ad hoc basis.

Governance In Action – Support Centre Relocation

Consideration of stakeholder views / interests and impact on decision-making

During the year, a project relating to the relocation of the Group's new support centre offices in Leicester commenced. A strong governance structure was established for the project at the outset. A steering group was set up with key colleagues to run and manage the project. Detailed programme plans were developed for all different aspects of the project. The plans are reviewed, monitored and updated at regular intervals.

The Board received presentations from Senior Management, recommending the relocation and the capital investment, which took into consideration the interests of the Company's stakeholders. The Board had been previously updated following the colleague engagement survey and Listening Forum sessions which had indicated there was a need for the premises to be enlarged and for them to provide better facilities. The project team were tasked to ensure the proposal not only included improvements to the working environment but also focused on the need to ensure the environment was engaging, focused on the culture of the business and considered colleague welfare and wellbeing. A key component of the office relocation plan are its community aspects and this included a sustainable office with an aim to operate with a minimal carbon footprint. The office needs to be equipped with appropriate technical facilities to communicate with clients, colleagues and brand partners across the globe.

Current challenges and aspirations were considered, and it is anticipated that enhanced working conditions will enable the Company to further develop its strategic goals as a luxury business within a sustainable environment. Earning a reputation for excellence as an employer, that is matched by the experience of working for the Group, allowing us to attract, recruit and retain the people we need.

Governance In Action – Acquisition of Betteridge

Consideration of stakeholder views / interests and impact on decision-making

Expanding the Group in the US, and Europe through acquisitions, is an important part of the Company's strategy to grow and develop. The current fragmentation in the US market gives us the opportunity to increase points of distribution and the three showrooms, purchased as part of the Betteridge acquisition, are consistent with our objectives laid out in the Group's Long Range Plan.

The Board plays an important role in ensuring that a robust and rigorous process is followed, including being given the opportunity to challenge the proposal with the CEO and Divisional Presidents, in respect of acquisitions, and those involving the entry into new countries or market sectors, to ensure stakeholders are carefully considered. The process is summarised on this page, and details of the acquisitions made by the Group during FY22 can be found on page 98.

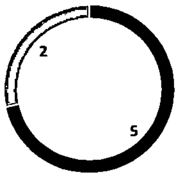
The Board considered how the proposed acquisition would affect each of the Company's key stakeholders including; clients; colleagues; investors; brand partners; and local communities. The presentation detailed how the acquisition would maximise long term value for the Group and support the Long Range Plan and strategic objectives. The Board was also mindful of the alignment of the transaction with the Company's purpose, values, people strategy and high standards of business conduct, the cultural fit, the integration of new colleagues, the financial performance of Betteridge and anticipated synergies.

Further considerations included risks associated with the acquisition and ways of mitigating these risks, together with the findings of the due diligence processes undertaken by management and advisers.

Following detailed consideration, the Board concluded that the acquisition would have a positive impact on its stakeholders. The acquisition has seen the client base grow, as a result of providing a superior offering and complementing the Group's existing products, particularly for the jewellery ranges including pre-owned. Feedback from Senior Management indicates the brand partner relationships continue to strengthen as the Group extends its geographical reach in the US. Colleagues have quickly integrated into the Group, benefitting from being part of a larger organisation including the opportunity to develop further. As the Group continues to expand in the US, it will utilise the US Foundation to support local charities in the communities in which it serves.

COMPOSITION, SUCCESSION & EVALUATION

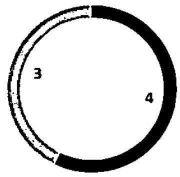
Balance of the Board



■ Non-Executive Directors
□ Executive Directors

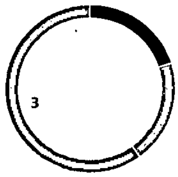
1 As at 1 May 2022.

Board Members By Gender



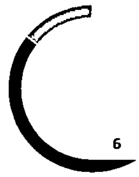
■ Male
□ Female

Non-Executive Director Tenure



■ 0–1 year
□ 1–2 years
□ 2–3 years

Board Members by Ethnicity



■ White
□ Mixed/Multi Ethic background

COMPOSITION

The Board is comprised of a Non-Executive Chairman, two Executive Directors, the Senior Independent Director and three independent Non-Executive Directors.

During the year, there have been a number of changes in Board membership, with Anders Romberg stepping down from his role as an executive director and Chief Financial Officer and being replaced by Bill Floydd on 1 January 2022, and the appointment of a new Non-Executive Director, Chabi Nouri, effective 1 May 2022.

Biographical details of the current Directors of the Company as at the date of this Report are set out on pages 182 and 183. Full details of Directors who have served throughout the year can be found on page 225.

DIVERSITY & INCLUSION

The Company is committed to having a Board comprising Directors from different backgrounds, with diverse and relevant experience, perspectives, skills and knowledge. It is believed that the Board can only adequately represent all of its stakeholder groups in the boardroom if collectively, it has the skills, experience and background to reflect them. We believe that diversity contributes towards a high performing and effective Board, and this is considered in all recruitment and succession planning discussions and we fully support the aims, objectives and recommendations outlined by the FTSE Women Leaders Review and the Parker Review.

During the year, the Company complied with the Hampton-Alexander Review recommendations as 33% of the Board were women and 43% of the Company's Executive Committee and their direct reports were women. In November 2021, the FTSE Women Leaders Review was published, setting out new recommendations regarding gender diversity. We are pleased to report that our Board is in line with the new recommendations in advance of the 2025 deadline as the Company has 42.8% and 43.5% of women on the Board and the combined Executive Committee respectively and that the Senior Independent Director is also a woman. We were also placed #11 in the FTSE 250 ranking for Women on Boards in Leadership (a move up from #98 in the prior year).

The Group also complies with the recommendations of the Parker Review in advance of the 2024 deadline.

All Board appointments are based on merit, and candidates are considered against objective criteria and with due regard for the benefits of diversity on the Board. As well as experience and track record, Board appointments will be made taking due account of other criteria, such as curiosity, insights, engagement, cultural contribution, personal identity, and the differentiation that they could bring to the collective make-up of the Board.

In May 2022, the Committee reviewed the updated Board Diversity Policy and made recommendations to the Board for amendments to reflect both the current status of the Board and the new recommendations of the FTSE Women Leaders Review. The amended policy was approved by the Board in May 2022. The Policy can be found on our corporate website at thewosgroupplc.com.

SUCCESSION PLANNING

The Nomination Committee continues to review succession plans both for the Board and Senior Management each year. Further information on our approach to succession planning and Board appointments can be found in the Nomination Committee's report on page 185.

The Board reviews annually the bench strength of the Senior Management team taking into consideration the growth strategy of the business and the need to ensure we maintain the right levels of talent to support the future growth of the business.

BOARD EVALUATION

In accordance with the Code, a formal external evaluation of the Board facilitated by an independent firm, is required to be carried out every three years. For the first time, since its IPO, the Board held an externally facilitated board evaluation. The purpose of the exercise was to conduct a comprehensive evaluation of how the Board and its Committees operate, as measured against current best practice corporate governance principle and in accordance with the UK Corporate Governance Code and associated guidance.

Further information on the Board Effectiveness and Evaluation can be found on page 181.

RE-ELECTION OF DIRECTORS

In accordance with the Code, the Board has determined that all Directors will stand for election or re-election at each AGM. The Chair has confirmed that the Directors standing for election or re-election at this year's AGM continue to perform effectively and that they demonstrate commitment to their roles. This can be seen by the attendance records set out on page 175. The reasons why the Board considers that each Director's contribution is, and continues to be, important to the Company's long term sustainable success are set out in the Directors' biographies on pages 182 to 183.

As set out in the Nomination Committee Report on page 187, three of the Non-Executive Directors were at the end of their first three-year term in June 2022. All three Directors expressed a willingness to remain in office and the Nomination Committee recommended to the Board that their terms be extended for a further three years. This was approved by the Board in May 2022.

PREPARATION OF THE ANNUAL REPORT AND ACCOUNTS

Assisted by the Audit Committee, the Board has carried out a review of the Annual Report and Accounts and considers that, in its opinion, the report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy. Refer to the Audit Committee Report on page 188 for details of the review process.

See pages 70 to 71 in the Strategic Report for the description of our Business Model. See page 166 and 167 for the Going Concern and Viability Statement.

DIVISION OF RESPONSIBILITIES

INDEPENDENCE AND CONFLICTS OF INTEREST

The Code recommends that at least half of the Board, excluding the Chair, should comprise Non-Executive Directors determined by the Board to be independent. As at the end of the year, excluding the Chair, the Board consists of six members, of which four members are determined by the Board to be Independent Non-Executive Directors. The composition of the Audit Committee, Nomination Committee and Remuneration Committee comply in all respects with the independence provisions of the Code.

Each of the Directors has a statutory duty under the Companies Act 2006 to avoid conflicts of interest with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions on participation at relevant Board meetings. The Chair, acting reasonably, has the power to determine whether a matter was a conflict matter.

During the year, no conflicts were declared by the Directors.

EXTERNAL DIRECTORSHIPS

Any external appointments or other significant time commitments of the Directors require the prior approval of the Board.

The Board is comfortable that external appointments of the Chair and the Non-Executive Directors do not impact on the time that any Director devotes to the Company.

INFORMATION PROVIDED TO THE BOARD

There is a good flow of information to the Board, with regular updates on trading, cash flows, and financing. Board members receive weekly financial information comprising sales analysis. Alongside this reporting there is regular ongoing dialogue with the Non-Executive Directors. The Board also receives daily market updates containing a summary of share performance.

All papers and agendas are circulated in advance of scheduled meetings and as well as conducting the business of the meeting there is a review of minutes, discussion of any matters arising and a briefing on any action points that arose from the last meeting.

TRAINING AND INDUCTION

The Directors are provided with annual refresher training on their duties and responsibilities as directors of a publicly listed company and any new director receives a comprehensive induction which includes a separate session on governance and directors' duties. During the year, the Company Secretary & General Counsel continued to monitor the training requirements of each Director. Technical briefings are provided in response to any training requirements.

Following their appointments, Bill Floydd and Chabi Nouri each received full and extensive inductions, which included meetings with Senior Management, advisers and external stakeholders. Further detail of the induction programme of Bill Floydd can be found on page 186.

The Board is committed to the training and development of Directors to improve their knowledge of the business and the regulatory environment in which it operates. The Company Secretary & General Counsel is responsible for helping the Chair identify and organise training for the Directors which is tailored to individual needs. Training topics included corporate governance updates, Director duties, including s172 and ESG considerations, Market Abuse Regulations, including the specific requirements for Persons Discharging Managerial Responsibility and Inside Information.

AUDIT, RISK MANAGEMENT AND INTERNAL CONTROL

The Audit Committee is chaired by Robert Moorhead and is comprised entirely of Independent Non-Executive Directors. Robert is currently the Chief Financial Officer of WH Smith PLC and continues to have recent, relevant and up to date financial experience. The Committee has defined Terms of Reference which include assisting the Board in discharging its responsibilities with respect to:

1. Establishing formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.
2. Establishing and reviewing procedures to ensure that the Annual Report and Accounts present a fair, balanced and understandable assessment of the Group's position and prospects.
3. Establishing procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Group is willing to take in pursuance of its long term strategic objectives.

Refer to page 188 for details on the work of the Audit Committee.

The Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The processes in place for assessment, management and monitoring of risks are described in the Risk Management section on page 156 to 158.

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the system of risk management and internal controls during FY22 and for the period up to the date of approval of the Consolidated Financial Statements contained in the Annual Report and Accounts. The Board confirms that no significant weaknesses or failings were identified as a result of the review of effectiveness.

REMUNERATION

The Remuneration Committee is chaired by Tea Colaianni and is made up of Independent Non-Executive Directors and the Chair. Prior to her appointment as Chair of the Committee, Tea had served on a Remuneration Committee for a significant period of time, longer than the required 12 months. Tea also serves as the Chair of a Remuneration Committee of another listed company.

The Committee has defined Terms of Reference which include assisting the Board in discharging its responsibilities with respect to:

- Determining the policy for Executive Director remuneration and setting remuneration for the Company Chair, Executive Directors and Senior Management
- Reviewing workforce remuneration and related policies

Refer to page 196 for further details on the work of the Remuneration Committee.

BOARD AND COMMITTEE EFFECTIVENESS AND EVALUATION

FY21 INTERNAL BOARD EVALUATION

As reported last year, towards the end of FY21, the Company undertook an internal board evaluation, under the supervision of the Chair, using an evaluation questionnaire covering the Board and the Committees, which also included sections for free flow comments.

The conclusions and recommendations of the FY21 evaluation were discussed with the Chair and presented to the Board in May 2021 and they were subsequently summarised to shareholders in the Annual Report and Accounts 2021. Whilst the evaluation concluded that the Board and its Committee were effective and operated efficiently, and with good engagement, a number of recommendations were agreed and, under the supervision of the Nomination Committee, an action plan was put in place. The action plan dealt with the information detailed below.

FY21 recommendations	Areas identified for focus in FY22	Action taken in FY22
Board composition and balance of skills	Enhancing Board composition, diversity and skills	Following a recommendation from the Nomination Committee, the Board appointed a new Non-Executive Director with additional expertise and experience in the luxury retail market, particularly watches and jewellery.
Enhancing the focus on strategy and long term objectives and the introduction of a broader agenda	Spending additional time on Group strategy and longer term objectives of the Company	The Chairman, along with the Company Secretary & General Counsel, reviewed the agenda setting process and good progress was made with introducing a rolling agenda, incorporating additional agenda items. Greater focus on strategy and long term objectives was achieved by introducing specific agenda items. Senior Management attendees presented on key business strategies. A Long Range Plan was prepared and distributed to the Market. A comprehensive full-day Board strategy session was held with contributions from key members of the Trading Board covering each business area.
Board and Senior Management succession planning and talent management	The Board will continue to monitor talent, pipeline succession and development for all executive and business critical roles	The Nomination Committee continued to take an active interest in the quality and development of talent and capabilities of Senior Management. A comprehensive review of roles and talent, with consideration of succession planning, resulted in the creation of two new roles, President North America & Deputy CEO and President UK & Europe. The Executive Director HR presented to the Nomination Committee a detailed oversight on succession and talent management. In terms of Non-Executive Director appointments, a continuous review of the composition of the Board was undertaken which led to the appointment of Chabi Nouri.

EXTERNAL BOARD EVALUATION

Towards the end of the FY22, the Chair, alongside the Company Secretary & General Counsel, agreed the proposed approach for an external board evaluation with the Nomination Committee. Three expert facilitators provided proposals for review and meetings were held with the Chair and/or Company Secretary & General Counsel. The Company engaged Independent Audit Limited (IAL) to conduct an interview-driven review of the performance of the Board and each of its Committees. There are no connections between IAL and individual Directors to be disclosed.

IAL undertook a comprehensive review covering all aspects of board and committee effectiveness, which included attendance at a Board and a Committee meeting in person, the review of a full cycle of Board information as well as undertaking one-to-one discussions with each Director, the Company Secretary & General Counsel, the President UK & Europe and the President North America & Deputy CEO. IAL reported its recommendations to the Board in May 2022, where every Director had the opportunity to discuss the findings, ask the reviewers questions and consider the direction of future board development. Additionally, IAL discussed its review with the Senior Independent Director to enable her to factor in any observations relating to her review of the performance of the Chair.

The review concluded that the Board was showing the characteristics of an effective board and that the governance framework had developed well since the IPO in 2019. The new Chair was providing strong support for the continued transition to the listed company environment. It was concluded that the Board has a range of strengths, with relevant, complementary skills and experience that help to provide scrutiny, oversight, input and value. The Directors intend to build on these strengths to develop the Board further with some key areas of focus:

- Activities to increase the Non-Executive Directors' level of knowledge of the different component business parts of the Group
- Further defining and understanding in greater detail the Board's purpose and aims
- Further evolving the Board agenda and type of information which is presented to the Board and its Committees
- Elevated visibility of the Group's people strategy
- Further focus on non-executive succession planning

An action plan is to be developed, progressed and monitored throughout FY23 by the Nomination Committee.

BOARD OF DIRECTORS

EXPERIENCED LEADERS GUIDING OUR FUTURE

	IAN CARTER CHAIR	**BRIAN DUFFY** CHIEF EXECUTIVE OFFICER EXECUTIVE DIRECTOR	**BILL FLOYDD** CHIEF FINANCIAL OFFICER EXECUTIVE DIRECTOR
APPOINTED	1 November 2020	7 May 2019	1 January 2022
BIOGRAPHY	Ian Carter brings over 30 years of international and retail experience, having held a number of senior positions at UK and US consumer-facing and luxury companies. Ian joined Hilton International as CEO in London in 2005 becoming an integral part of the senior team that took Hilton Worldwide private and then public in 2013. Prior to joining Hilton, Ian served as an Officer and President of Black & Decker Corporation. Ian has significant experience as a non-executive director having served on a number of boards in the UK and the US, including Burberry Group PLC where he further developed his knowledge and appreciation of the global luxury industry.	Brian Duffy has served on several boards across the fashion, retail and sports sectors. He has been the CEO of the Group since 2014, and has previously served on the boards of several subsidiaries of Ralph Lauren, as well as the board of Celtic PLC. Brian is an ICAS Chartered Accountant and holds an Honorary Doctorate from Glasgow Caledonian University.	Bill joined the Group from international gaming and leisure business The Rank Group PLC where he was CFO. Prior to that Bill, was CFO of Experian's UK & Ireland business. In his earlier career he qualified as a chartered accountant with Price Waterhouse and was a divisional CFO and Group Financial Controller at Logica PLC. Bill has an Economics degree from the University of Birmingham.
INDEPENDENT	Yes	No	No
PRINCIPAL EXTERNAL APPOINTMENTS	Servpro Industries, LLC	None	None
RELEVANT SKILLS AND EXPERIENCE	Ian brings to the Board a wealth of international and retail experience and a deep understanding of the global luxury industry. He also has significant experience as a non-executive director.	Brian brings to the Board significant retail and international experience, financial acumen and in depth understanding of the global luxury watch and jewellery sector.	Bill is a commercially oriented finance professional having developed his skills in complex consumer facing and technology based public companies. Bill brings extensive financial, commercial and strategic experience to the Board.
COMMITTEE MEMBERSHIP	Nomination (Chair) ESG Remuneration	ESG	

TEA COLAIANNI
SENIOR INDEPENDENT DIRECTOR

7 May 2019

Tea Colaianni was appointed as a Non-Executive Director and Chair of the Remuneration Committee in December 2018 and Senior Independent Director of the Company in May 2019. Tea has more than 25 years' experience in consumer facing industries and has served as a non-executive director on multiple boards. She currently serves on the boards of DWF Group PLC (where she chairs the Remuneration Committee) and SD Worx nv. Tea is the Founder and Chair of WiHTL – Diversity in Hospitality, Travel and Leisure and Diversity in Retail (DiR).

Yes

DWF Group PLC
SD Worx nv

Tea brings to the Board a wealth of experience in human resources strategy governance and consumer facing industries. She has significant experience as a non-executive director including extensive and current experience of all remuneration matters which enables her to carry out her role as Chair of the Remuneration Committee.

Nomination
Audit
ESG
Remuneration (Chair)

ROSA MONCKTON MBE
INDEPENDENT DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT

7 May 2019

Rosa Monckton has over 20 years' experience in the luxury jewellery and watch sectors, and was appointed as a Non-Executive Director of the Group in 2014. Her experience includes setting up Tiffany & Co in the United Kingdom, and serving as Chief Executive Officer and then Chair of Asprey & Garrard. She also has experience in the charity sector, and campaigns on behalf of disabled children and adults, through her role as Chair of Team Domenica.

Yes

Team Domenica

Rosa brings to the Board significant experience of the luxury jewellery industry as well as a deep understanding of the charity sector.

Nomination
Audit
ESG (Chair)
Remuneration

ROBERT MOORHEAD
INDEPENDENT NON-EXECUTIVE DIRECTOR

7 May 2019

Robert Moorhead has significant experience in the retail sector. He was appointed as a Non-Executive Director of the Group in 2018. He currently serves as Chief Financial Officer and Chief Operating Officer of WH Smith PLC, and was previously Finance Director at Specsavers Optical Group and Finance and IT Director at World Duty Free Europe Limited. Robert is an ICAEW Chartered Accountant.

Yes

WH Smith PLC

Robert brings to the Board extensive experience in the retail sector as well as recent relevant and up to date financial experience which enables him to carry out his role as Chair of the Audit Committee.

Nomination
Audit (Chair)
ESG
Remuneration

CHABI NOURI
INDEPENDENT NON-EXECUTIVE DIRECTOR

1 May 2022

Chabi Nouri has over 20 years' experience in the luxury jewellery and watch sectors and was appointed as a Non-Executive Director of the Group in 2022. Chabi has particular experience in the jewellery sector for marketing, merchandising, being responsible for Cartier's creative and fine jewellery collections and serving as the Chief Marketing Officer of Piaget before being appointed as head of the company in early 2017. Chabi is a Swiss citizen and a graduate of the University of Fribourg. She has also been a member of the YPO (Young President Organisation) since 2017.

Yes

Private Equity Partner with Mirabaud Asset Management

Chabi brings to the Board significant experience of the luxury watches and jewellery industry.

ESG

NOMINATION COMMITTEE REPORT

IAN CARTER
CHAIR OF THE NOMINATION COMMITTEE

MEMBERS
Ian Carter (Chair)
Tea Colaianni
Rosa Monckton
Robert Moorhead

PRINCIPAL RESPONSIBILITIES

The Committee's principal responsibilities are to:

- Review the structure, size and composition of the Board and its Committees
- Give full consideration to succession planning for the Board and other Senior Management taking into account the challenges and opportunities facing the Company, and the skills, diversity and expertise needed
- Review the leadership needs of the organisation
- Remain fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates
- Identify and nominate potential Board candidates
- Evaluate the combination of skills, knowledge, experience, diversity, independence, and knowledge on the Board
- Review the results of the Board performance evaluation process and manage any recommendations
- Support people initiatives that promote a culture of inclusion and diversity

DEAR SHAREHOLDER

I am pleased to report the Nomination Committee remains compliant with the Corporate Governance Code 2018 (the 'Code'). The Code recommends that the Committee be comprised of a majority of Independent Non-Executive Directors which it does as Tea Colaianni, Robert Moorhead and Rosa Monckton are all independent. The Code states that the test of independence is not appropriate in relation to the Chair of the Board.

The Company Secretary & General Counsel acts as Secretary to the Nomination Committee, and by invitation, the Chief Executive Officer, other Board members, the Executive Director HR, other Senior Management and/or external advisers may attend as appropriate for all or part of any meeting.

ROLE

The role of the Nomination Committee is to ensure that the Board comprises individuals with a combination of the necessary skills, knowledge, experience, diversity and independence to ensure that the Board and its Committees are effective in discharging their responsibilities.

TERMS OF REFERENCE

The responsibilities of the Nomination Committee are set out in its Terms of Reference. The Nomination Committee's Terms of Reference reflect the current regulatory requirements and best practice appropriate to the Group's size, nature and stage of development. They are available on our corporate website. No changes to the Terms of Reference were recommended this year.

The Nomination Committee's Terms of Reference require that the Committee meets at least twice a year. During the year, the Nomination Committee met four times. Full details of Nomination Committee meeting attendance can be found on page 175.

BOARD CHANGES

The start of FY22 year was a busy period for the Nomination Committee as it embarked upon a search for a new CFO, following Anders Romberg's notification to the Board of his intention to retire. This search process was led by the CEO and the Executive Director HR and on 26 August 2021, we announced that Bill Floydd would join the Company. Bill was appointed as the CFO and an Executive Director on 1 January 2022.

Further details on Bill's skills and experience can be found on page 182.

The search was conducted by the independent firm Russell Reynolds, which has extensive experience in appointing executive directors who possess international expertise and is a signatory to the Voluntary Code of Conduct for Executive Search Firms. Russell Reynolds does not have any connection with the Company or with any of the Directors.

In preparation for the search, Russell Reynolds met with the CEO, the Executive Director HR and I, and this resulted in the creation of a very clear brief. The brief included a request that Russell Reynolds ensure maximum diversity within the search and the brief also required best in class credentials suitable for an international listed company focused on growth.

Russell Reynolds provided an impressive list of candidates from a range of backgrounds with many of the candidates being international. The long list was reduced to a high quality short-list of six candidates which included two women. In addition to the CEO and the Executive Director HR, the shortlisted candidates were interviewed by myself, the Senior Independent Director and the Chair of the Audit Committee and this process ultimately led to the selection and appointment of Bill Floydd.

When considering candidates for the short-list, the Nomination Committee took into consideration the balance of skills, knowledge, independence, diversity and experience already on the Board. It was concluded that Bill would bring to the Board a wealth of senior financial expertise, necessary skills, international experience and leadership qualities, and the Board and Group will benefit greatly from his experience which will provide a positive contribution to the Group's strategic objectives.

KEY ACTIVITIES DURING THE YEAR

- Reviewed specifications of the roles and capabilities required for the recruitment of the new CFO
- Considered the skills and, diversity and expertise as well as the backgrounds of each of the Board members, when reviewing the future needs of the Board, with particular regard, to the need to appoint a new Non-Executive Director
- Recommended to the Board the appointment of the new CFO and the appointment of the new Non-Executive Director
- Discussed and agreed an action plan resulting from the FY21 internal board evaluation
- Agreed, with the Board, the plan for the FY22 externally facilitated board evaluation
- Reviewed external appointments for the current Non-Executive Directors and assessed whether any of the appointments were significant or caused any conflicts
- Reviewed the Committee's Terms of Reference and confirmed they had been adhered to
- Reviewed the Company's Conflicts of Interest Register
- Conducted a comprehensive review of executive succession planning and the Senior Management talent pool
- Reviewed and recommended to the Board, the updated Board Diversity Policy

"We are pleased to report that we meet the recommendations of both the FTSE Women Leaders Review and the Parker Review at the end of FY22."

IAN CARTER
CHAIR OF THE NOMINATION COMMITTEE

Additionally, during the year, the Board undertook a search for a new Non-Executive Director to strengthen the Board, taking into consideration the findings and recommendations of the 2021 Board Evaluation. I led the search process, alongside the independent firm Spencer Stuart who were selected by the Committee as they have international expertise, operate in the luxury sector and are a signatory to the Voluntary Code of Conduct for Executive Search Firms. Spencer Stuart does not have any connection with the Company or any of the Directors. In preparation for the search, the SID, the Chief Executive Officer and I met with Spencer Stuart which resulted in the creation of a very clear brief. The brief included a request that they ensure maximum diversity within the search and the brief also required best in class credentials suitable for a company in the luxury sector.

Spencer Stuart provided an impressive long list of candidates from diverse backgrounds with many of the candidates originating from either Europe or the UK. The long list was reduced to a high quality short-list of six candidates which included four women. The short-listed candidates were interviewed by members of the Committee and met with the CEO, this process ultimately led to the selection and appointment of Chabi Nouri.

INDUCTION

On joining the Company, all Directors undergo a tailored induction and familiarisation programme. The comprehensive induction programme includes meetings, either face-to-face or via conferencing facilities with colleagues in both the UK and the US. Other meetings will involve external advisers and visits to offices, showrooms and repair workshops. Director induction also focus on recent Board and Committee activity, stakeholder engagement, brand partnerships, investor relations and a tailored session on corporate governance.

The induction programmes are facilitated and implemented by the Executive Director HR, the Company Secretary & General Counsel with input from the CEO.

Further information on Bill Floydd's induction can be found on the next page, Chabi joined the Group on 1 May 2022 and it is the intention to report on her completed induction in next year's Annual Report and Accounts.

SUCCESSION

As part of our succession planning, the Committee considers the current skills, experience and tenure of the Directors, including the Non-Executive Directors, and assesses future needs against the Long Range Plan of the Group. Additionally, the Committee reviews succession planning at Senior Management levels. The Committee considered talent reviews, consistently assessing potential and closely monitoring the successors' development plans to improve the quality and diversity of our succession plans taking into consideration the growth strategy of the business and the need to support the business in the future. A comprehensive review of roles and talent, with consideration of succession planning, which included CEO succession planning, culminated in the creation of new roles, namely President UK & Europe, and President North America & Deputy CEO.

The Committee considered the Board skills, in light of the Company's growth plans, to help identify the Board's requirements as the strategy of the Group evolves and as part of general Board planning. As a result of the 2021 Board evaluation, it was identified there was need for greater luxury experience on the Board with a particular preference to gain additional luxury watch and jewellery expertise. At the time, the Committee considered the skills and expertise as well as the backgrounds of each of the Board members considering the future needs of the Board from an executive and non-executive perspective. The requirement for additional expertise has now been fulfilled by the appointment of Chabi Nouri.

DIRECTOR INDUCTION PROGRAMME – BILL FLOYDD

Following his appointment, Bill undertook a tailored and comprehensive induction and familiarisation programme, suited to the needs of the individual and implemented by the Executive Director HR, with input from the CEO. An outline of the induction process is set out below.

- Introduction to the Trading Board with follow-on deep dive sessions as required to further develop understanding of key areas
- Introductions to colleagues from a number of different functions within the Group, including a visit to the US
- Visits to showrooms in the UK and the US, and the repair workshops
- Meeting with key brand partners and a tour of a brand partners' watch service factory
- Briefing sessions on the key areas of the organisation including:
  - Financial structure and key financial metrics
  - Principal risk register and the Group's risk framework
  - Loss prevention, Internal Audit and the internal control framework
  - Operational compliance
  - Details on the Company's FCA regulatory obligations including a briefing by expert external consultants
- Recent Board and Committee meetings considerations, including minutes and matters arising from the meetings
- Stakeholder perceptions and key issues raised by, for example, investors, regulators and industry groups were explained by the Investor Relations Director & Corporate Affairs
- Introductions to the Company's key external advisers, including the brokers, bankers, insurance advisers and the External Auditor
- Provided with details of the Directors and Officers Insurance
- Presentations were provided on Corporate Governance, legal and regulatory including:
  - Directors' duties (including s172)
  - Share dealing, insider dealing and Market Abuse Regulations
  - Governance trends
  - FY21 board effectiveness and action plan
- Overview of the Schedule of the Matters Reserved for the Board

Since the IPO, in terms of the Non-Executive Directors, the focus has been on building the Board with directors who have experience in luxury expertise. Succession planning for non-executive directors, including the Chair, (who was appointed in November 2020) is to be considered by the Committee in FY23.

The Committee plays a vital role in promoting effective Board and leadership succession, making sure it is fully aligned to the Group's strategy.

DIVERSITY

The Committee, on behalf of the Board, is responsible for the development of a diverse pipeline for succession to the Board and will ensure proper assessment as to the values and behaviours expected on the Board as part of the recruitment process. The Committee has responsibility for keeping the composition and balance of the Board under review and recommends the appointment of new Directors. In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board.

The Committee recognises the importance of diversity and inclusion and is aware of the recommendations of the FTSE Women Leaders Review, which published its first report on improving gender balance in FTSE leadership in November 2021, following the publication of the final report under the Hampton-Alexander Review in the previous year. The Company fulfils the three new recommendations of the FTSE Women Leaders Review, in advance of the 2025 deadline. The recommendations are: (i) 40% of FTSE 350 board and leadership positions should be held by women by the end of 2025; (ii) FTSE 350 companies should have at least one women appointed as chair, Senior Independent Director, CEO or CFO by the end of 2025; and (iii) there should be best practice or other mechanisms in place to encourage the pre-existing targets of the Hampton-Alexander Review.

During the year, the Company met the recommendations of the FTSE Women Leaders Review as 43.5% of women are on the Board and the combined Executive Committee respectively and that the senior independent director is also a woman. Additionally, the Group was placed #11 in the FTSE 250 Women Leaders Review ranking (from #98 last year).

In terms of ethnicity at Board level, the Company is complaint with the recommendations of the Parker Review in advance of the 2024 deadline.

The Committee is required to review, annually, the Board Diversity Policy as well as measurable objectives for achieving diversity on the Board. In May 2022, the Committee reviewed the updated Board Diversity Policy and made recommendations to the Board for amendments to reflect both the current status of the Board and the new recommendations of the FTSE Women Leaders Review. The amended Policy was approved by the Board in May 2022.

The Committee reviews and discusses annually all measurable objectives for achieving diversity on the Board and will recommend any changes to them or any new objectives to the Board for adoption. The Committee conducted this review in May 2022 in line with the Board Diversity Policy review and incorporated the new recommendations of the FTSE Women Leaders Review.

Future Board appointments will continue to be based on merit, and candidates, will be considered, against objective criteria and with due regard for the benefits of diversity on the Board. As well as experience and track record, Board appointments will be made taking due account of other criteria, such as curiosity, insights, engagement, cultural contribution, personal identity, and the differentiation that candidates can bring to the collective make-up of the Board.

Wherever possible, the search pool will be widened and where executive search firms are used, the Group will only engage with those firms that have adopted the 'Voluntary Code of Conduct for Executive Search Firms' or similar.

EFFECTIVENESS

The performance of the Committee was evaluated as part of the annual Board evaluation process, which this year was facilitated by an external expert. The Board review concluded that the Committee functions effectively.

As part of the annual evaluation of the effectiveness of the Board, and its Committees, the Committee considers the diversity of the Board. The Board seeks to ensure that its composition, and that of its Committees, is appropriate to discharge its duty effectively and to manage succession issues. The FY22 Board Evaluation was externally facilitated and further details of the progress from the FY21 evaluation and the process for FY22 can be found on page 181. The Nomination Committee will be responsible for overseeing an action plan to be put in place following recommendations for the FY22 Board Evaluation.

BOARD REVIEW COMPOSITION

The Committee keeps the composition of the Board and its Committees under continual review, to ensure that they have a suitable balance of skills and experience to oversee and challenge the delivery of the Group's strategy, and to discharge the Committees' responsibilities effectively. Board composition was a key focus following the FY21 Board Evaluation and was discussed at each Committee meeting. The appointment of Chabi Nouri demonstrates the Board recognising the need for an additional Non-Executive Director with complimentary skills and experience, particularly in the European and luxury watches and jewellery markets.

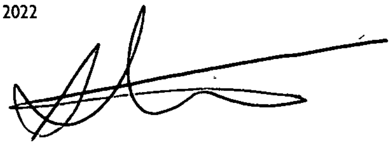
RE-ELECTION OF DIRECTORS

The effectiveness and commitment of each of the Non-Executive Directors is reviewed by the Committee annually. The Committee has satisfied itself as to the individual skills, relevant experience, contributions and time commitment of all the Non-Executive Directors, taking into account their other offices and interests held. As detailed on page 225, the Board is recommending the election or re-election to office of all Directors at the 2022 AGM.

Shortly after the end of the financial year, the Committee considered the reappointment terms of Tea Colaianni, Robert Moorhead and Rosa Monckton as their first three-year term expired in June 2022. Taking into consideration the attributes described above, and as all three Directors expressed a willingness and desire to continue in office, the Committee recommended to the Board that their appointment terms were extended for a further three years.

I will be available at the AGM to answer any questions on the work of the Committee.

IAN CARTER
CHAIR OF THE NOMINATION COMMITTEE
6 July 2022



AUDIT COMMITTEE REPORT

ROBERT MOORHEAD
CHAIR OF THE AUDIT COMMITTEE

MEMBERS
Robert Moorhead (Chair)
Tea Colaianni
Rosa Monckton MBE

KEY RESPONSIBILITIES

Financial reporting:

- Monitor the integrity of the Financial Statements of the Group and Company
- Review the appropriateness and consistency of significant accounting policies
- Review and report to the Board on significant financial issues and judgements
- Review the appropriateness of Task Force for Climate-Related Financial Disclosures

Internal control and risk management:

- Carry out a robust assessment of the Group's emerging and principal risks on an annual basis
- Review the Group's internal control and risk management systems
- Monitor and review the effectiveness of the Group's Internal Audit function
- Assess the effectiveness of whistleblowing arrangements

External audit:

- Review the effectiveness of the External Auditor process
- Develop and implement policies on the engagement of the External Auditor to supply non-audit services
- Monitor and review the External Auditor's independence and objectivity

DEAR SHAREHOLDER

I am pleased to introduce the Audit Committee Report for the financial year ended 1 May 2022. During the year, the Committee played a key role in the Group's governance framework. Its activities included reviewing and monitoring the integrity of financial information, the Group's system of internal controls and risk management, the internal and external audit process, and the process for compliance with laws, regulations, and ethical codes of practice. In addition, we work with other Committees and the Board to ensure that stakeholder interests are protected and the Group's Long Range Plan is supported.

All members of the Audit Committee are deemed Independent Non-Executive Directors. The Board considers that I have recent and relevant financial experience as required by the Corporate Governance Code (the 'Code') and the Committee members have competence relevant to the sector in which the Group operates. Details of the Audit Committee members' skills and experience can be found on page 183. The Committee's wide range of financial and commercial skills and experience serves to provide the necessary knowledge and ability to work as an effective committee and to robustly challenge the Executive Directors and Senior Management as and when appropriate. At the invitation of the Committee, the Chair of the Board, the CEO, the CFO, the Head of Internal Audit & Risk, Senior Management, and the External Auditor attend meetings. The Committee has regular private meetings with the External and Internal Auditors during the year with no Executive Directors present. The Company Secretary & General Counsel acts as Secretary to the Committee.

TERMS OF REFERENCE

The Terms of Reference of the Committee reflect the current statutory requirements and best practice appropriate to the Group's size, nature, and stage of development. The Committee met its requirement to meet at least four times a year. Details of meeting attendance can be found in the Corporate Governance Statement on page 175. The Committee reviews its Terms of Reference annually, recommending any suggested changes through to the Board. This year there were no recommended changes to the Terms of Reference.

COMMITTEE EFFECTIVENESS

As part of the FY22 externally facilitated board evaluation, of the Board and the Board Committees, the performance and effectiveness of the Audit Committee was evaluated. The evaluation found that the Audit Committee functions effectively, and interacts well with the Board and other Committees. Details of how the evaluation was conducted can be found on page 181.

ACTIVITIES UNDERTAKEN BY THE COMMITTEE

A summary of the activities undertaken by the Committee during the year is as follows:

Financial reporting:

- Monitored the integrity of the Group's FY22 Results Announcement, Annual Report and Accounts 2021, and the FY22 Half Year Statement
- Assessed and recommended to the Board that the Annual Report and Accounts are fair, balanced, and understandable, including Alternative Performance Measures (APMs)
- Assessed the Going Concern and Viability Statement having reviewed supporting papers from management including the consideration of the impact of the pandemic, cost of living increases, global conditions, and climate change on those assessments
- Considered papers from management on the key financial reporting judgements and estimates
- Reviewed the Task Force for Climate Related Financial Disclosures (TCFD) FY22 Year End Reporting, including the scenario analysis undertaken to assess the impact of climate-related risks

Internal control and risk management:

- Considered the adequacy and effectiveness of the Group's ongoing risk management systems and control processes
- Considered the Group's risk environment, including its significant and emerging principal risks and uncertainties and reviewed the mitigating actions that management has taken along with determining the risk appetite of the business
- Reviewed the impact of the pandemic, cost of living increases, global conditions, and climate change on the principal risks and uncertainties, and the actions management are taking in response to this
- Considered the impact on our reporting and control environment of the Department for Business, Energy & Industrial Strategy (BEIS) proposals for Audit and Corporate Governance reform
- Reviewed and approved the Group's whistleblowing protocol for managing whisteblower incidents
- Received and reviewed whistleblowing incidents, investigation details and follow up actions
- Received updates in relation to anti-bribery and corruption and anti-money laundering programmes

Internal and external audit:

- Assessed the effectiveness of the external audit process and considered the accounting, financial control, and audit issues reported by the External Auditor
- Reviewed the Internal and External Auditor independence
- Agreed the External Auditor engagement letter and recommended the External Auditor fees through to the Board
- Reviewed and approved the Internal Audit Charter
- Received and reviewed the annual plan and audit reports from the Internal Audit team
- Undertook a review of the effectiveness of the Internal Audit function
- Held regular private meetings with the Internal and External Auditors

GOING CONCERN AND VIABILITY STATEMENT

The Committee reviewed the process and assessment of the Group's prospects made by management, including:

- The three-year viability assessment period and alignment with the Group's internal forecasts and business model
- The assessment of the capacity of the Group to remain viable after consideration of future cash flows, financing, and mitigating factors
- The modelling of the financial impact of the Group's principal risks materialising using severe but plausible scenarios

The Committee reviewed management's analysis supporting the going concern basis of preparation, including reviewing the Group's financial performance, budgets for FY23 three-year plan, and cash flow projections. The going concern and viability reviews by the Committee included the review of the results of the reverse-stress tests performed by management, available financing in place and any further mitigating actions that management could take. In making its assessment, the Committee took into consideration the trading results of the Group, liquidity and covenant compliance.

As a result of the assessment, the Committee reported to the Board that the going concern basis of preparation remained appropriate and there is a reasonable expectation that the Group will be able to continue in operation to meet its liabilities as they fall due over the three-year viability assessment period.

The Going Concern and Viability Statement is set out in the Strategic Report on page 166 and 167.

SIGNIFICANT FINANCIAL REPORTING AREAS

In preparing the financial statements, there are several areas requiring the exercise of judgement by management. The Committee's role is to assess whether the judgements and estimates made by management are reasonable and appropriate. To assist in this evaluation, the CFO provided an accounting paper to the Committee, setting out all the financial reporting judgements and estimates which were considered material to the Financial Statements.

The main areas of judgements and estimates that have been considered by the Committee in the preparation of the Financial Statements are as follows:

Impairment of tangible and right-of-use assets

The Committee received and considered a paper from management covering the judgements made in respect of the impairment testing of the Group's property, plant and equipment and right-of-use assets. The Committee noted that management had considered the trading results of each showroom and noted where a showroom has low profitability, which is not expected to improve in the near future. No impairments were identified in the year. The Committee also reviewed management's assessment of whether any prior impairments should be reversed given current trading.

Management has continued to report on the performance of the business on a pre-IFRS 16 (IAS 17) basis within its Alternative Performance Measures (APMs) alongside statutory measures derived under IFRS 16, the paper and discussions considered impairment assessment of these assets on both bases.

As part of their review of impairment, the Committee challenged the assumptions used in the cash flow forecasts for impairment testing, along with the disclosures made in the Financial Statements. The Committee also received and discussed a paper from the External Auditor on their work in this area, which specifically considered and reported on their challenge and assessment of the key assumptions and methodology used.

The Committee was satisfied that the approach adopted by management was sufficiently robust to identify when an impairment charge or reversal for showroom assets needs to be recognised and how it should be assessed and reported.

Inventory valuation

The Committee received a paper from management on accounting for and valuation of inventory. It discussed the judgements made by management, with specific consideration to discontinued product and slow-moving stock. The Committee also considered the policy for, and calculation of, rebates recognised and absorbed into inventory.

The Committee received a paper from the External Auditor regarding the audit work they performed over the valuation of inventory. The Committee is satisfied that the process and judgement adopted by management for the valuation of inventory is sufficiently robust to establish the value of inventory held and is satisfied as to the appropriateness of the Group's provisioning policy.

Revenue recognition

The Committee received papers from management covering the control environment relating to sales cut-off and accounting judgements in relation to the accounting for gift cards, client returns and client deposits.

The Committee also received a paper from the External Auditor regarding the audit work they performed over revenue recognition, which included the use of computer data analytic tools. The Committee determined that the majority of the Group's revenue transactions are non-complex, with minimal judgement applied over the amount recorded. The Committee is satisfied that approach taken by management is sufficiently robust in relation to the recognition of revenue.

OTHER SIGNIFICANT ACCOUNTING AREAS

IFRS 16 'Leases'

During the year, the Committee reviewed the key judgements and assumptions applied to the calculations and disclosures provided within the Financial Statements. These included the determination of the term of the leases, the discount rates used and the determination of whether lease agreements included substantive substitution rights and should be treated as leases. The Committee also considered and challenged the use of pre-IFRS 16 APMs within the Annual Report and Accounts and concluded that these APMs align with the management reporting used to inform business decisions, investment appraisals, incentive schemes and banking covenants.

Pensions

The Committee assessed the accounting treatment adopted by management and the application of IAS 19 'Employee benefits' in relation to the Aurum Retirement Benefits Scheme. The Committee reviewed the judgements made in respect of the assumptions used in the valuation of the Group's obligations under the scheme and the associated disclosures made in the Financial Statements.

Acquisitions

The accounting for the acquisitions of five showrooms in the US was reported to the Committee, including the valuation of goodwill and other intangible assets. The Committee also reviewed and discussed the appropriateness of the acquisition disclosures contained within the Financial Statements.

Non-underlying and exceptional items

The Committee considered the presentation of the Financial Statements and in particular the use of APMs and the presentation of exceptional items in line with the Group accounting policy. This policy states that adjustments are only made to reported profit when not considered part of the normal operating costs of the business and considered exceptional due their size, nature, or incidence. The Committee noted that the exceptional items disclosed in FY22 related to the significant one-off events relating to the IPO and business acquisitions.

Each of the above areas of judgement has been identified as an area of focus and therefore the Committee has also reviewed reporting from the External Auditor on the relevant areas.

Annual Report and Accounts – fair, balanced, and understandable assessment

At the request of the Board, the Committee has considered whether, in its opinion, the Annual Report and Accounts 2022, taken as a whole, are fair, balanced, and understandable and that they provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Group has established internal controls in relation to the process for preparing the Annual Report and Accounts. These include the following:

- Management regularly monitors and considers developments in accounting regulations and best practice in financial reporting and, where appropriate, reflects developments in the Financial Statements
- The Annual Report and Accounts are drafted by Senior Management with overall coordination by a member of the finance team, to ensure consistency across the relevant sections
- An internal verification process is undertaken to ensure accuracy
- Comprehensive reviews of drafts of the Annual Report and Accounts are undertaken by Executive Directors and Senior Management
- The final draft of the Annual Report and Accounts is reviewed by the Audit Committee prior to consideration by the Board

Following its review, the Committee advised the Board that the Annual Report and Accounts 2022, taken as a whole, were considered to be fair, balanced and understandable and that they provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee was also satisfied that suitable accounting policies have been adopted and appropriate disclosures have been made in the Financial Statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has ultimate responsibility for effective management of risk for the Group including determining its risk appetite, identifying key strategic and emerging risks, and reviewing the risk management and internal control framework. The Committee, in supporting the Board to assess the effectiveness of risk management and internal control processes, relies on several different sources to carry out its work including Internal Audit assurance reports, the assurance provided by the External Auditor and other third parties in specific risk areas.

The Committee monitors and reviews the effectiveness of the Group's risk management processes and internal financial and non-financial controls. The key features of the risk management process that were in place during the year are as follows:

- Each business function conducted risk assessments based on identified business objectives, which were reviewed and agreed annually by the Senior Management of each function. Risks are considered across the areas of financial, people, and regulatory and are evaluated in respect of their potential impact and likelihood. These risk assessments are updated and reviewed at least quarterly and are reported to the Committee
- A Group risk assessment is also undertaken by management, which considers all areas of potential risk across all systems, functions, and key business processes. This risk assessment, together with the business risk assessments, forms the basis for determining the Internal Audit plan
- A qualitative and quantitative climate scenario analysis (CSA) was undertaken, which assisted in understanding the climate-related physical and transition risks and opportunities that could impact the business in the future under different climate scenarios and identified risks have been incorporated into the company climate risk register
- The assessment, management, and monitoring of climate-related risks aligns with the Group risk management framework, and a governance structure has been established for the oversight of these risks, including an ESG Committee
- The Head of Internal Audit & Risk met with all Senior Management to undertake a formal review of the internal controls across the Group. Senior executives were required to certify compliance with the Group's policies and procedures and that appropriate internal controls were in operation during the period under review. Any weaknesses are highlighted, and the results are reviewed by the Head of Internal Audit & Risk, the Committee, and the Board
- The Committee confirmed to the Board that it has reviewed the effectiveness of the systems of internal control, including financial, operational, and compliance controls, and risk management for the period of this report, in accordance with the Code and the Risk Management and Internal Control Guidance

INTERNAL AUDIT

The Head of Internal Audit & Risk, who reports directly to the Audit Committee Chair, provides assurance to the Committee through independent reviews of agreed risk areas. The Committee is responsible for overseeing the work of the Internal Audit function. It reviews and approves the scope of the Internal Audit annual plan and assesses the quality of Internal Audit reports, along with management's actions relating to findings and the closure of recommended actions.

In February 2022, a carefully targeted Internal Audit plan was agreed to provide appropriate assurance to the Committee over the effectiveness of risk management and internal control processes across the Group. The internal audit plan is risk based and takes an independent view of what Internal Audit considers to be the highest known and emerging risks and strategic priorities facing the business. The Committee is satisfied that the Internal Audit plan provides appropriate assurance on the controls in place to manage the principal risks facing the Group. Internal Audit resources were increased in June 2021, and resources to deliver the Internal Audit plan continue to be reviewed, with an agreement that external partners in both the UK and US would continue to be utilised.

The Head of Internal Audit & Risk:

- Attended all Audit Committee meetings and provided reports and verbal updates to the Committee
- Had direct access to all Committee members and met with the Committee Chair and Committee members privately without management being present
- Met with the Audit Committee Chair several times to carry out formal reviews of the Internal Audit function's resources, approach, and audit plan
- Managed the risk register review process

Following assessment by the Committee during the year, the Audit Committee is satisfied that the Internal Audit team has the quality, experience, and expertise appropriate for the business.

The Group also has an operational audit, loss prevention and security team who review compliance with certain key internal procedures in showrooms and at other locations.

EXTERNAL AUDITOR

Interaction with external audit

One of the Committee's roles is to oversee the relationship with the External Auditor, Ernst & Young LLP (EY), and to evaluate the effectiveness of the service provided and their ongoing independence. The effectiveness of our External Auditor is assessed in accordance with a process agreed by the Audit Committee, which involves gathering information through a series of questionnaires.

The External Auditor has attended all this year's Committee meetings and at each meeting has time with the Committee without management present. The Chair of the Audit Committee has also met with the external audit partner to review the audit scope and audit findings.

Auditor independence and objectivity

During the year, the External Auditor reported to the Committee on their independence from the Group. The Committee and the Board are satisfied that EY has adequate policies and safeguards in place to ensure that Auditor objectivity and independence is maintained. When assessing the independence of the External Auditor, the Committee considers, amongst other things, the length of tenure of the audit firm and the audit partner, the value of non-audit fees provided by the External Auditor and the relationship with the Auditor as a whole. As part of the assessment of the External Auditor, the Committee considered whether the External Auditor had exercised professional scepticism and an appropriate degree of challenge to management. Julie Carlyle, the audit partner has been in place since the appointment of EY in 2019.

Competition and Market Authority (CMA) Order 2014 Statement of Compliance
Under CMA guidance, FTSE 350 companies are required to have held a tender for the external audit appointment within the last ten years. On Admission to the London Stock Exchange, the Audit Committee commenced a competitive audit tender for the financial year ending 26 April 2020. Full details of the tender process are included in the Annual Report and Accounts 2020.

EY was first appointed in 2019 after a competitive tender process. This means that FY22 represents EY's third year as the Company's External Auditor. Under UK legal requirements, the Company may retain EY as its External Auditor for 20 years.

The Group confirms that it was in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 during the financial year ended 1 May 2022.

Non-audit services provided by the External Auditor
The Committee has adopted a formal policy in respect of non-audit services provided by the External Auditor to ensure that Auditor objectivity and independence are maintained, in accordance with the EU Audit Reform.

Non-audit service	Policy
Audit-related services Audit-related services are services, generally of an assurance nature, provided by the Auditor as a result of their expert knowledge and experience of the Group. Audit-related services include: – Reviews of Half Year results – Reporting required by law or regulation to be provided by the Auditor – Reports to regulators	The Auditors are eligible for selection to provide non-audit services to the extent that their skills and experience make them a competitive and most appropriate supplier of these services. Each new non-audit service must be approved by the Committee in advance of the services being commenced.
Permissible non-audit services Including, but not limited to: – Work related to mergers, acquisitions, disposals, or circulars – Benchmarking services – Corporate governance advice	Non-audit fees are capped to a maximum aggregate in any financial year of 70% of the average of the statutory audit fees charged in the previous three consecutive financial years. In the case of this cap, audit-related services concerning work required by national legislation are excluded.
Prohibited services In line with the FRC's ethical standards, services where the Auditor's objectivity and independence may be compromised by the threat of self-interest, self-review, management, advocacy, familiarity, or intimidation are prohibited. Prohibited services include: – Tax services – Services that involve playing any part in the management decision-making process – Book-keeping and preparing accounting records and Financial Statements – Payroll services – Designing or implementing internal controls – Valuation services (except such services that have no direct effect or are immaterial to the Financial Statements) – Legal, internal, or human resources services – Services linked to financing, capital structure and allocation and investment strategy except providing assurance services in relation to the Financial Statements, such as the issuing of comfort letters in connection with prospectuses issued by the audited entity – Promoting, dealing in, or underwriting shares in the Company	The Auditor is prohibited from performing these services for the Company or any subsidiary within the Group.

Non-audit services provided by Ernst & Young LLP during the financial year ending 1 May 2022 were limited to the Half Year review. Fees in relation to these services were £54,000 (FY21: £52,000).

EXTERNAL AUDITOR EFFECTIVENESS

In January 2022, the FRC's Audit Quality Review Team (AQRT) completed a review of EY's audit of the Company's Financial Statements for the period ended 2 May 2021. The Committee considered the final inspection report, which did not raise any significant findings, and discussed the results with the lead audit partner. The Committee noted the overall assessment by the AQRT, which was consistent with its own positive view of the quality and effectiveness of the external audit in respect of 2021.

It is the Committee's responsibility to assess the effectiveness of the external audit. The Committee assessed the External Auditor's effectiveness in September 2021 and kept this under review throughout the year taking into account the External Auditor's mindset and culture; skills, character and knowledge; quality control and judgement. The assessment included:

- Reviewing the External Auditor's risk assessment and audit approach to those risks
- Reviewing and discussing the External Auditor's formal reports to the Committee including their planning and results reports
- Considering the areas in which the External Auditor had challenged management's assumptions in key areas of judgement and the number and nature of the accounting and control observations raised
- Considering the manner in which the audit was conducted, including the level of senior leadership hours spent
- Assessing feedback from the Committee members and the parties involved in the external audit process through a questionnaire
- Reviewing the FRC's Audit Inspection report on Ernst & Young LLP and discussing the planned resulting actions by the External Auditor
- Assessing the interaction between management, the Committee and the External Auditor

Based on these reviews, the Committee concluded that Ernst & Young LLP (EY) had applied appropriately robust challenge and scepticism throughout the audit, that it possessed the skills and experience required to fulfil its duties effectively and efficiently, and that the audit was effective.

Auditor reappointment

The Committee is responsible for considering whether there should be a rotation of the External Auditor in order to ensure continuing auditor quality and independence, including consideration of the advisability and potential impact of conducting a tender process for the appointment of a different External Auditor. The Committee is also responsible for recommending to the Board whether it should ask the shareholders to appoint, reappoint, or remove the External Auditor at the AGM.

In its oversight of the external audit, the Committee considered whether it would be appropriate to conduct an audit tender at this time. The Committee took into account:

- Its continued satisfaction with the quality and independence of EY's audit
- Any new External Auditor would need a transition period to develop sufficient understanding of the business given the Company's size and complexity
- Frequent changes of External Auditor would be inefficient and could lead to increased risk and the loss of cumulative knowledge
- A change in auditor would be expected to have a significant impact on the Company, including on the Company's finance function
- Any change in auditor should be scheduled to limit operational disruption

The Committee also considered EY's leadership and activities in the area of climate change. After due consideration the Committee determined it would not be appropriate to re-tender for the external audit at this time.

EY has expressed willingness to continue in its capacity as independent Auditor of the Company. The Committee has recommended to the Board the reappointment of the External Auditor for FY23 and the Directors will be proposing the reappointment of EY at the forthcoming AGM.

ROBERT MOORHEAD
CHAIR OF THE AUDIT COMMITTEE
6 July 2022

ESG COMMITTEE REPORT

ROSA MONCKTON MBE
CHAIR OF THE ESG COMMITTEE

MEMBERS
Rosa Monckton MBE (Chair)
Tea Colaianni
Ian Carter
Brian Duffy
Robert Moorhead
Chabi Nouri

PRINCIPAL RESPONSIBILITIES
The Committee's principal responsibilities are to:

- Provide oversight on behalf of the Board in relation to the Company's ESG strategy and performance
- Oversee the development and delivery of ESG strategic goals, targets and Key Performance Indicators (KPIs)
- Ensure the Company monitors current and emerging ESG trends, as well as relevant international standards and legal/regulatory/governance requirements with a view to how they might impact on the business strategy, operations and reputation of the Company
- In collaboration with the Audit Committee, review key climate-related risks and opportunities and oversee mitigation strategies as part of the quarterly review of principal and emerging risks
- Receive reports and recommendations from key management stakeholders, subject matter experts and the ESG Steering Group
- Oversee stakeholder engagement with the ESG strategy and progress against strategic goals, targets and KPIs
- Make recommendations to the Board in relation to the required resourcing and funding of ESG related activity

DEAR SHAREHOLDER

I am delighted to present the first ESG Committee Report following the establishment of a dedicated ESG Committee by the Board in June 2021.

Alongside myself, the ESG Committee comprises the Chair of the Board, and a majority of independent Non-Executive Directors, Tea Colaianni, Robert Moorhead and Chabi Nouri (appointed 1 May 2022). In addition to the Non-Executive Directors and in recognition of the importance of ESG matters to the Company's Long Range Plan and strategic objectives, Brian Duffy, the CEO, is also a member of the Committee.

The biographies of the Committee members, which details their skills and experience can be found on pages 182 to 183.

The Company Secretary & General Counsel acts as Secretary to the ESG Committee, and by invitation, the CFO, the Head of ESG, and other Senior Management and/or external advisers may attend as appropriate for all or part of the meeting.

To support the Committee and help develop and drive the Company's sustainability agenda, an experienced Head of ESG was appointed in July 2021. The Committee held its inaugural meeting in October 2021.

ROLE
The ESG Committee is Board Committee and has the full support of the senior leadership team. It plays an active part in the development and delivery of the Company's sustainability strategy, by approving key decisions, ensuring alignment with the Company's purpose and values and providing accountability against goals, targets and KPIs.

The Committee has an important role monitoring environmental goals and ensuring actions are taken to manage identified risks and opportunities resulting from a changing climate, by ensuring they are embedded in the Company's risk management processes, financial decision-making and core business strategy.

As well as monitoring the robustness of the Group's sustainability governance frameworks, the Committee scrutinises the development and implementation of changes in processes and practices and ensures compliance with legislative and regulatory standards.

TERMS OF REFERENCE
The ESG Committee Terms of Reference set out the purpose and scope of the Committee. The document is available on our corporate website and will be reviewed on an annual basis. In accordance with the Terms of Reference, the Committee met three times during FY22 and attendance records can be found on page 175.

The ESG Committee is supported by an ESG Steering Group, chaired by the CFO. The Steering Group is made up of Senior Management, who each have formal operational responsibility for the management of relevant environmental, social and governance issues. The ESG Steering Group acts under a separate Terms of Reference and reports progress towards the development, implementation and delivery of the Company's sustainability strategy into the ESG Committee.

KEY FOCUS/ACTIVITIES DURING THE YEAR

- Agreed the ESG Committee Terms of Reference and recommended them to the Board for approval
- Oversaw a comprehensive review of the Company's ESG approach and governance
- Commissioned a Materiality Assessment to better understand the expectations and requirements of key stakeholder groups
- Agreed to strengthening ESG Governance, including the formation of an ESG Steering Group
- Agreed to a programme of work to redefine the Company's Purpose
- Agreed to the development of a sustainability strategy prioritising, 'People, Planet and Responsible Sourcing'
- Agreed to a project to measure the Group's Scope 3 Emissions, in order to assess the environmental impact of the Group's value chain and set a target to achieve Net Zero emissions
- Agreed to setting near term Science Based Targets aligned to 1.5°C under the Paris Climate Agreement
- Highlighted to the Audit Committee, for consideration, that Climate Change be included as one of the Company's Principal Risks
- Key documents recommended to the Board for approval included, Modern Slavery Statement, Supply Chain Policy and Environmental Policy

"

"An ESG Steering Group was established to strengthen the governance of ESG matters and oversee the development of a roadmap to deliver a cohesive sustainability strategy that delivers long term value for all."

ROSA MONCKTON MBE
CHAIR OF THE ESG COMMITTEE

One of the first proposals to the Committee, which was subsequently approved, was a project to define the Company purpose in order to provide a framework for consistent decision-making at every level. The result is a purpose that reflects changing societal expectations and amplifies the Company's overarching commitment to WOW clients, whilst caring for colleagues, local communities and the planet.

The Committee also agreed to sign up to the new Better Business Act, which, if successful, would amend s172 Companies Act 2006 to ensure company boards consider the interests of the wider society and the environment alongside that of shareholders.

Other Committee outputs included an ESG priority matrix and the approval of a series of short, medium and long term goals to support the ongoing development of a progressive sustainability strategy, which mitigates risk and delivers positive business, environmental and societal outcomes in line with the Company Purpose.

PLANET

During the year, the Committee oversaw work to measure the Company's Scope 3 emissions and approved near term targets to limit temperatures to 1.5°C in line with the Paris Agreement and obtain target validation from the Science Based Targets initiative. It also received information on how the Company's pre-owned business and After Sales and Servicing operation contribute to a more circular economy and agreed to further support investment in these areas.

In line with the Task Force for Climate Related Financial Disclosures, the Committee agreed to strengthen how the Company governed risks and opportunities resulting from a changing climate and the transition to net zero and approved the escalation of Climate Change from an emerging risk to a principal risk.

STAKEHOLDER ENGAGEMENT

The ESG Committee welcomes feedback from all stakeholders. Colleagues share their thoughts directly via phone calls or email, through the colleague Listening Forums, or a new engagement platform, 'Workplace', which was introduced across the Group following a recommendation, by Senior Management, to the ESG Committee.

Investors ask ESG related questions through dedicated meetings and roadshows and the Committee is kept up to date with supplier engagement activities to support the promotion of shared sustainability goals and ensure due diligence across our Supply Chain.

In addition, representatives from all our stakeholder groups were invited to take part in a Materiality Assessment Survey,. designed to inform our Company sustainability strategy and help prioritise material ESG issues.

Since the Committee's first formal meeting in October 2021, when we reviewed the results of a comprehensive gap analysis, to the end of this financial year, it has been a busy six months and I am extremely pleased with the progress made.

As we enter FY23, the ESG Committee remains absolutely committed to operating transparently in its role to support sustainable business practices across the Group, for the benefit of all.

Further information on the work of the ESG Committee and the progress being made by the Group can be found on pages 118 to 155.

ROSA MONCKTON MBE
CHAIR OF THE ESG COMMITTEE
6 July 2022

Rosa Monckton

REMUNERATION COMMITTEE REPORT

TEA COLAIANNI
CHAIR OF THE REMUNERATION COMMITTEE

Members	Independent	No. of meetings attended
Tea Colaianni (Chair)	✓	3/3
Ian Carter	✓	3/3
Rosa Monckton	✓	3/3
Robert Moorhead	✓	3/3

The Remuneration Committee's Terms of Reference at:
→ **thewosgroupplc.com**

DEAR SHAREHOLDER

On behalf of the Remuneration Committee, I am delighted to present the Group's Remuneration Committee Report.

During FY22, we have further strengthened the business and delivered impressive growth in both the UK and US markets. Our success has been testament to our robust business model, as well as the enthusiasm and commitment shown by our colleagues. In recognition of the Group's unprecedented success since we listed on the London Stock Exchange in 2019 and to ensure that colleagues have the opportunity to share in the success of the business, we are pleased to have provided all our colleagues employed by the Group in December 2021 with a gift of 50 free shares and, in January 2021, we launched employee share save schemes in both the UK and US. Our first Directors' Remuneration Policy was approved by shareholders at our 2019 AGM, following our admission to the London Stock Exchange in June 2019. Since then, the Group has generated exceptional growth and has a track record of delivering strong, consistent financial performance. As a result of this sustained growth over the last three years, we are pleased that the first LTIP grant will vest in full this year.

In line with the normal three-year cycle, we will be submitting a new Remuneration Policy for approval at the 2022 AGM which can be found on pages 212 to 223 of this report. More detail on the remuneration decisions made in the year for our Executive Directors can be found in the Annual Report on Remuneration on pages 208 to 211.

The Committee complies with the UK Corporate Governance Code 2018 in terms of composition and Terms of Reference. The Committee's Terms of Reference, which are reviewed annually, are available on the Group's website at thewosgroupplc.com.

ROLE OF THE REMUNERATION COMMITTEE
The Committee's responsibilities are to:

- Determine remuneration policy for the Company Chair, Executive Directors, the Company Secretary & General Counsel and other members of Senior Management as designated
- Determine remuneration packages for the Company Chair, Executive Directors, the Company Secretary & General Counsel and other members of Senior Management as designated. No Director plays a part in any decision about their own remuneration
- Review the appropriateness of the Remuneration Policy on an ongoing basis and make recommendations to the Board on appropriate changes
- Obtain up-to-date comparative market information and appoint remuneration consultants as required to advise or obtain information
- Approve the design of, and set targets for, performance related incentives across the Group
- Oversee any major changes to benefits for colleagues
- Oversee wider workforce pay practices and incentive arrangements
- Ensure that failure and excessive risk taking are not rewarded

None of the Committee members have any personal financial interest (other than as a shareholder) in the decisions made by the Committee, any conflict of interest arising from cross-directorships, or day-to-day involvement in running the business.

The Company is seeking an advisory vote on the Remuneration Committee Chair's Statement and Annual Report on Remuneration, and seeking a binding vote on the proposed Directors' Remuneration Policy which, if approved, will take effect from the date of the AGM on 1 September 2022.

WHO SUPPORTS THE COMMITTEE?

External

During the year, the Committee appointed Deloitte LLP as independent adviser to the Committee following an independent selection process. Fees paid to Deloitte LLP in relation to remuneration services provided to the Committee in FY22 were £62,850, which were charged on a time and materials basis. Deloitte LLP is a member of the Remuneration Consultants Group, and as such chooses to operate pursuant to a code of conduct that requires remuneration advice to be given objectively and independently. There are no connections between Deloitte LLP and individual Directors to be disclosed. The Committee is satisfied that the advice provided by Deloitte LLP in relation to remuneration matters is objective and independent.

Internal

Internal support is provided by the Company Secretary & General Counsel and Executive Director HR, whose attendance at Committee meetings is by invitation from the Remuneration Committee Chair, to advise on specific questions raised by the Remuneration Committee and on matters relating to the performance and remuneration of the Senior Management team. No Director was present for any discussions that related directly to their own remuneration.

HOW THE REMUNERATION COMMITTEE SPENT ITS TIME IN FY22

The following sets out the main items considered by the Remuneration Committee during the year.

Key agenda items

- Selection process for appointing a new independent adviser to the Remuneration Committee
- Approving the Directors' Remuneration Report for FY21
- Approving the outcomes under the FY21 bonus outcomes, taking into account the considerations of wider stakeholders
- Reviewing and approving the performance measures for the FY22 bonus plan to ensure alignment with strategic objectives and shareholder interests
- Granting awards under the LTIP and determining performance conditions for the FY22 LTIP grant
- Receiving reports and advice from advisers on a range of matters including senior executive pay, market themes and trends and updated proxy adviser and institutional investor guidance
- Reviewing and approving the remuneration arrangements for the incoming CFO, Bill Floydd
- Reviewing and approving the remuneration decisions with regards to the retirement of the former CFO, Anders Romberg
- Reviewing the Directors' Remuneration Policy and consulting on proposed changes with proxy advisers and our key shareholders
- Reviewing wider workforce remuneration and approving the offering of free shares to colleagues and the launch of the employee share save schemes
- Preparation of the CEO pay ratio

As a Remuneration Committee, it is our responsibility to make decisions which support the Group's long term business strategy, and which align with the Group's culture and values. We must balance this with our desire to reflect best practice remuneration and high standards of corporate governance. We maintain an ongoing dialogue with shareholders and proxy advisers to understand their views. We recognise that executive remuneration is an area of public interest and we have worked hard to ensure that full transparency has been provided in this year's Directors' Remuneration Report on the Group's remuneration practices.

FY22 BUSINESS PERFORMANCE HIGHLIGHTS

FY22 represented an excellent year for the business. 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 and jewellery leadership in the UK, become the clear market leader in the US and capitalise on the growth potential in the EU market. Some key highlights are as follows:

- Revenue increased +37% to £1,238.0 million
- Adjusted EBIT[1] increased +68% to £130.3 million
- Operating profit increased +74% to £142.1 million
- Return on Capital Employed[1] increased by 770 bps from 19.7% to 27.4%

1 This is an Alternative Performance Measure. Refer to Glossary on pages 283 to 285 for definitions and reconciliation to statutory measures.

APPLICATION OF THE REMUNERATION POLICY IN FY22

I have summarised below the application of the Remuneration Policy.

Board changes

As announced on 26 August 2021, Bill Floydd was appointed CFO with effect from 1 January 2022. Bill was appointed on a remuneration package reflecting his calibre as an experienced CFO and in line with the Company's Remuneration Policy, as follows:

- Base salary: £380,000
- Pension: 3% of base salary (in line with the wider UK workforce)
- Annual bonus opportunity: 125% of base salary (in line with the limits set out in the Group's Directors' Remuneration Policy)
- LTIP opportunity: 175% of base salary (in line with the limits set out in the Group's Directors' Remuneration Policy)

Bill's salary level was positioned slightly higher than the salary level for the former CFO, as the former CFO's salary was set lower than market median, given his significant shareholding in the business prior to and after IPO. Taking into account the size and scale of the business, and in line with the Company's desired policy for new joiners, (which is set out in our previous Directors' Remuneration Reports), Bill's salary was set around the median of the FTSE 250.

Bill also received share awards to compensate for the share awards forfeited on leaving his previous employer. These awards were granted on a like-for-like basis as the awards forfeited, and more detail in respect of the awards can be found on page 210.

Base salary/fee increases in FY22

The annual salary review process took place as usual in October 2021, and in the UK a further review for retail colleagues was implemented in April 2022 to maintain a differential to National Minimum Wage (NMW) rates. All retail colleagues are paid a starting rate of at least 7.9% above the NMW and the minimum pay increase was 3%.

In the US, salary reviews took place for colleagues in the corporate office, and where required, base pay was adjusted for retail colleagues – the compensation structure for sales colleagues in the US being heavily biased towards commission. The pay review budget in the US was 3%.

The Committee also reviewed the salary levels for Senior Management and, where appropriate, some salary adjustments were approved.

The CEO and outgoing CFO elected not to take a pay review and the CEO's base pay has not increased since he joined the Company in 2014.

Our Chair and Non-Executive Director fees were also reviewed and no increases were applied.

Annual bonus outturn for FY22

The performance target for the FY22 annual bonus was based on Adjusted EBIT[1]. Reflecting strong performance in the year, actual Adjusted EBIT[1] achieved was £130.3 million and we exceeded the maximum EBIT target of £98.7 million.

The Remuneration Committee considered the formulaic annual bonus outcome for FY22 against a range of contextual factors and was satisfied that 100% of the bonus should be paid in light of the Company's exceptional financial performance and significant increase in shareholder returns over the course of the year. The Watches of Switzerland Group was the highest growth stock in the FTSE 250 in the calendar year 2021. The Remuneration Committee also took into account the wider stakeholder experience noting the new shareholding initiatives put in place for colleagues and the launch of The Watches of Switzerland Group Foundation. No discretion was exercised by the Committee. The FY22 bonus outturn for the CEO, CFO and former CFO is maximum, which equates to 150% of salary for the CEO, 125% of salary for the CFO and 100% of salary for the former CFO (based on the pro-rated salaries for the CFO and former CFO for their period in employment). Two-thirds of the bonus will be paid in cash and one-third will be paid in shares which will be deferred for three years. The CFO's and the former CFO's annual bonus has been pro-rated for their time in employment with the Company in the financial year. All colleagues in the Company's bonus schemes earned maximum bonus in FY22.

The factors considered by the Remuneration Committee when determining the bonus outcome are set out below:

Element	Factors considered by the Committee
Setting performance conditions	– The Company set bonus targets for FY22 in line with the Company's business plan
Shareholder experience	– Shareholders enjoyed strong share price growth of almost 40% between the start and end of FY22
Colleague experience	– All colleagues in the Company were eligible to participate in some type of commission or bonus scheme during FY22 – All colleagues, employed in the business on December 2021, received a gift of 50 free shares in FY22 aligning their interests with other stakeholders – All eligible colleagues were provided with access to newly launched employee share save schemes in the UK and US with a take up rate of 48% and 32% respectively – The wellbeing of colleagues is a firm priority for the Group. During the year, the Company continued to be mindful of the impact of the pandemic, ensured that jobs were protected, and continued to invest in the training, education and upskilling of all colleagues. In the US a range of health initiatives were offered by CIGNA and in the UK a new health and wellbeing app providing access to a wide range of services and self help tools was launched. The Remuneration Committee noted that employee engagement continues to be extremely high as evidenced by the January 2022 Company-wide engagement survey
Government assistance	– During FY21, the Group made a voluntary decision to repay all the UK furlough scheme support. The £6.8 million support received was repaid in July 2021. In FY22, the Group received £4 million Business Rates Relief
Company reputation	– The Remuneration Committee and Board were very cognisant that the Company is a well-recognised and high-profile business and at all times has sought to ensure that decisions on executive pay do not negatively impact on the Company's brand

Full details on the performance outturn against the targets are shown in the At a Glance section on page 200.

FY22 Long Term Incentive Plan (LTIP) grants

The annual LTIP grant was made to the CEO, the former CFO and other senior colleagues in July 2021. The CEO and the former CFO received LTIP awards of 200% of base salary and 175% of base salary respectively. The new CFO received an LTIP award on joining the Company, on the same terms as the award made in July 2021, of 175% of base salary.

Performance conditions of the award are such that 20% of the awards will vest by reference to a three-year average ROCE performance measure. The remaining 80% of the awards will vest by reference to a three-year cumulative Adjusted EPS performance measure. The Remuneration Committee believes that the use of both Adjusted EPS and ROCE within the LTIP ensures there is appropriate focus on profitability, cost and capital efficiency.

Full details of the performance measures and targets are set out on page 209.

LTIP award vesting in FY22

The first grant under the LTIP was made in FY20, based on an EPS performance condition. The EPS targets were set in line with market consensus at the time of award. As a result of the outstanding performance of the business resulting in Cumulative Adjusted EPS of 82.2p over the three-year performance period, 100% of the LTIP award is due to vest in July 2022. The LTIP award for the former CFO will be pro-rated for his time in employment with the Company. The award for the CEO and former CFO will be subject to a 24-month holding period.

The single figure for the CEO has increased from £1.22 million in FY21 to £5.57 million in FY22. This increase reflects the fact that our first LTIP award as a listed company vested based on performance to the end of FY22 which accounts for £4.29 million of this value. As noted above, our EPS performance significantly exceeded the maximum target set and we are delighted that our first LTIP award vested in full. The share price also increased significantly over the period from £2.70 on award to £11.59 (330% increase, based on the three month average to year end used to value the award for the single figure purpose) delivering exceptional returns to shareholders.

FY22 REMUNERATION POLICY REVIEW

New Directors' Remuneration Policy ('the Policy')

In line with the normal three-year cycle, we will be submitting a new Remuneration Policy for shareholder approval at our 2022 AGM in September. In anticipation of this, the Remuneration Committee has undertaken a detailed review of the current Policy. Following a comprehensive review, the Remuneration Committee has concluded that the current Policy remains fit-for-purpose and continues to support the execution of our long term strategy and the continued generation of sustainable shareholder value.

1 This is an Alternative Performance Measure. Refer to Glossary on pages 283 to 285 for definition and reconciliation to statutory measures where relevant.

The Remuneration Committee is, however, proposing minor amendments to the Policy and its implementation going forward in order to better align with best practice and investor guidance:

- We are proposing to extend the post-employment shareholding requirement for the CEO, such that he will be required to retain 100% of his pre-cessation shareholding requirement for a period of two years from the date of cessation of his employment. This is in line with the approach for the current CFO
- We are also making other minor drafting amendments to the Policy to reflect current market practice. We will be introducing the option to provide an additional allowance such as a travel allowance for our Non-Executive Directors should that be appropriate in the circumstances

Base salary/fee increases for FY23

Salary reviews for all colleagues are scheduled to take place in October 2022. To the extent that there are increases, the Executive Directors will receive no more than the same percentage increase as the wider workforce. Non-Executive Director fees will be reviewed at the same time.

Annual bonus for FY23

The annual bonus will be determined in line with the normal cycle. For FY23, the annual bonus will be based 100% on Adjusted EBIT. Reflecting the growing importance of ESG to shareholders and the progress that the Company has made in establishing its ESG strategy and setting targets, when determining bonus pay-outs the Committee will assess the overall appropriateness of the annual bonus outcome in light of factors including ESG performance and the experience of colleagues, clients and shareholders in the year. No changes are proposed to the annual bonus opportunity levels.

LTIP awards to be granted in FY23

The Remuneration Committee has determined that LTIP grants will be made in line with the normal cycle of being awarded in July 2022. In line with last year's grant, the LTIP measures will be based on a three-year cumulative Adjusted EPS and three-year average ROCE with weightings of 80% and 20% of maximum respectively. No changes are proposed to the LTIP award levels.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Wider workforce considerations

The Watches of Switzerland Group always strives to be an organisation that is inclusive, rewarding and fair to all colleagues. During the course of the year, the focus has been on internal stakeholder engagement and the Board was pleased to support the gift of free shares and the launch of new employee share save plans across the Group. The Board notes the Company's commitment to maintaining a meaningful premium to the National Living Wage and is aware that total earnings for colleagues over the past year have been in excess of this.

I am also pleased to report that, following the success of our first Listening Forums in the UK and US at the start of 2021, we again held forums in FY22. At these forums we gather views on a wide range of issues, including remuneration. Specifically, at the UK Listening Forum held in February 2022, attended by Rosa Monckton in her capacity as the Dedicated Non-Executive Director for Workforce Engagement, representatives were invited to provide feedback on additional benefits that colleagues would value, outside of base pay. As a result of this exercise a new range of benefits including a Health Cash Plan was launched in June 2022.

Gender pay reporting

We have published our fifth disclosure of the pay gap based on amounts paid in the April 2021 payroll. The bonus gap was based on incentives paid in the year to 31 March 2021. The mean gender pay gap at the Group is 25% (FY21: 28%) and the mean bonus gap at the Group is 40% (51% last year). Whilst there is still some way to go, we are encouraged by the progress we have made and expect it to continue as the Group continues to grow. The full report, including details on the initiatives we have underway to help close our gender pay gap, is available on our website thewosgroupplc.com.

The remainder of the Remuneration Report is split into four parts:

AT A GLANCE SECTION

The At a Glance section on page 200 provides a summary of the payments made to the Executive Directors during FY22 and how it is proposed to operate the Policy in FY23.

FAIRNESS, DIVERSITY AND WIDER WORKFORCE CONSIDERATIONS

This section contains both discussions on the Company's initiatives in colleague and stakeholder engagement as well as mandatory disclosures on areas such as the gender pay gap and CEO to wider employee pay ratios. In addition, we have included a report on specific areas in relation to wider workforce remuneration which the Committee reviewed during the course of the year.

ANNUAL REPORT ON REMUNERATION

This section summarises remuneration decisions during FY22. This includes details of annual bonus and long term incentive awards granted and vesting during the year as well as how the Policy will be implemented for FY23.

DIRECTORS' REMUNERATION POLICY

This section sets out our proposed Directors' Remuneration Policy which, if approved, will apply from the 2022 AGM for three years to the end of the AGM in 2025. In June 2022 I wrote to a number of major shareholders to outline the minor amendments to the new Policy being proposed and invited comments or queries. As at the date of this Report there have been no questions regarding the proposed changes.

Last year's report received very strong support with over 99% of votes cast in favour. I hope that you will find this year's report clear, transparent and informative. If you would like to discuss any aspect of this Remuneration Report, I would be happy to hear from you. You can contact me through our Company Secretary & General Counsel, Laura Battley. I will also be available at the Company's forthcoming AGM, to answer any questions.

On behalf of the Remuneration Committee and the Board,

Tea Colaianni

TEA COLAIANNI
CHAIR OF THE REMUNERATION COMMITTEE
6 July 2022

DIRECTORS' REMUNERATION REPORT

AT A GLANCE

WATCHES OF SWITZERLAND EXECUTIVE REMUNERATION

Components of remuneration

The Remuneration Committee Report is coded as follows:

☆ Salary	Bonus Plan
O Pension	Δ Long Term Incentive Plan
† Benefits	□ Shareholding ownership requirements

Business context

FY22 outturns against KPIs

KPI and outturn	
Revenue:	£1,238.0m
4-Wall EBITDA[1]:	19.7%
Adjusted EBIT[1]:	£130.3m
Adjusted EPS[1]:	41.8p
Cash generated from operations:	£188.6m
Return on Capital Employed:	27.4%

Fixed

Salary ☆

Reflects the value of the individual, their role, skills, experience and contribution to the business

Benefits †

Aligned with all other employee arrangements

Pension O

Alignment of employer pension contributions with the wider workforce at 3%

Variable

Bonus Plan

Incentivises achievement of annual objectives and aligns director and shareholder interests by delivering one-third of the bonus in deferred shares

LTIP Δ

Motivates key individuals to achieve long term targets and deliver sustainable performance. Provides alignment with shareholders as the award is made in shares, and through the post-vesting holding period

Total remuneration

Sum of the fixed and variable components of remuneration

WHAT IS THE LINK TO COMPANY STRATEGY?

The following diagram shows the link between our Remuneration Policy and our strategy through looking at our KPIs, which measure the successful implementation of that strategy and the performance conditions we use for our incentive plans.

KPIs

Revenue
4-Wall EBITDA %
Adjusted EBIT

Adjusted EPS
Cash generated from operations
Return on Capital Employed

BONUS PLAN
Performance Condition:
Adjusted EBIT

Reflects the successful delivery of a number of KPIs: revenue, sales growth and EBITDA

LTIP
Performance Conditions:
Adjusted EPS and Return on Capital Employed

Reflects the successful delivery of a number of KPIs over the longer term: revenue, sales growth, capital efficiency and profit

WHAT WAS THE FIXED PAY FOR FY22?

Fixed components

Brian Duffy (CEO)		Bill Floydd (CFO)		Anders Romberg (former CFO)	
Salary:	£500,000	Salary:	£126,667	Salary:	£233,333
Pension:	£0	Pension:	£3,800	Pension:	£7,000
Benefits:	£23,281	Benefits:	£5,989	Benefits:	£24,229

Notes

1. The salary, pension and benefits figures for the CFO and former CFO reflect their time employed as Directors of the Company in FY22.
2. Benefits include car or car allowance and private healthcare.

LTIP AWARDS VESTING IN FY22

The first grant under the LTIP was made in FY20, based on a stretching EPS performance condition. As a result of EPS performance over the three-year performance period, 100% of the LTIP award is due to vest in July 2022. The LTIP award for the former CFO was pro-rated for his time in employment with the Company (see page 211 for further detail).

WHAT WAS THE BONUS FOR FY22?

The following table sets out the bonus performance condition, targets and level of satisfaction:

Performance condition	Threshold	Target	Maximum	Actual	Percentage of Maximum	CEO Bonus	CFO Bonus	Former CFO Bonus
Adjusted EBIT	£91.3m	£96.1m	£98.7m	£130.3m	100%	£750,000	£158,333	£233,333

Note: the CFO's and the former CFO's bonus have been pro-rated for time as a Director of the Company for FY22, i.e. from 1 January 2022 to 1 May 2022 for the CFO and from 3 May 2021 1 January 2022 for the former CFO.

In determining the outcome of the bonus, the Committee assessed the formulaic annual bonus outcome for FY22 against a range of factors including the wider stakeholders' experience as outlined in the Chair of the Remuneration Committee's letter on page 196.

The Remuneration Committee was satisfied that the outcome was reflective of the underlying performance of the business and determined that the FY22 bonus outturn for the CEO, CFO and former CFO was maximum, which equated to 150% of salary, 125% of salary and 100% of salary respectively (based on the pro-rated salaries for the CFO and former CFO). Two-thirds of the bonus will be paid in cash and one-third will be paid in deferred shares. The CFO's and the former CFO's annual bonus has been pro-rated for their time as a Director of the Company in the financial year. No discretion was exercised by the Remuneration Committee.

WHAT WAS THE TOTAL REMUNERATION FOR FY22?

Total compensation					
Brian Duffy (CEO)		**Bill Floydd (CFO)**		**Anders Romberg (former CFO)**	
Salary:	£500,000	Salary:	£126,667	Salary:	£233,333
Pension:	£0	Pension:	£3,800	Pension:	£7,000
Benefits:	£23,281	Benefits:	£5,989	Benefits:	£24,229
Bonus:	£750,000	Bonus:	£158,333	Bonus:	£233,333
LTIP:	£4,293,842	LTIP:	–	LTIP:	£2,264,699
– Value at grant:	£999,999			– Value at grant:	£527,430
– Share price appreciation:	£3,293,843			– Share price appreciation:	£1,737,269
Other: –		Other:	£48,891	Other: –	
Total: £5,567,123		**Total:**	**£343,680**	**Total: £2,762,594**	

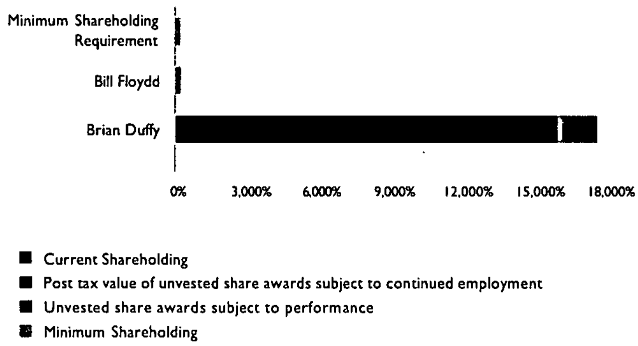
Notes

1. The total compensation figures for the CFO and former CFO reflect their time as a Director of the Company in FY22, i.e. from 1 January 2022 to 1 May 2022 for the CFO and from 3 May 2021 to 1 January 2022 for the former CFO.
2. Benefits include car or car allowance and private healthcare.
3. LTIP figures are as per the single figure table on page 208, and reflect the FY20 LTIP grant which was subject to performance to the end of FY22 and vested at 100% of maximum. These awards are due to be released in July 2022.
4. Other remuneration consists of share awards granted to Bill Floydd on his appointment to replace the final two tranches of the 2017/18 LTIP award forfeited by Bill on leaving his previous employer. Further detail in respect of the awards can be found on page 210.
5. The single figure for the CEO has increased from £1.22 million in FY21 to £5.57 million in FY22. This increase reflects the fact that our first LTIP award as a listed company, which will vest in full in July 2022, is based on performance to the end of FY22 which accounts for £4.29 million of this value. As noted above, our EPS performance significantly exceeded the maximum target set and we are delighted that our first LTIP award vested in full. The share price also increased significantly over the period from £2.70 on award to £11.59 (330% increase, based on the three month average to year end used to value the award for the single figure purpose) delivering exceptional returns to shareholders.

WHAT IS THE CURRENT SHAREHOLDING OF OUR EXECUTIVE DIRECTORS?

The following chart shows the current Executive Directors' shareholdings against their shareholding requirements. The CEO already exceeds the shareholding requirement of 200% of salary. The CFO was appointed with effect from 1 January 2022 and has a five-year period to build up a shareholding equivalent to the minimum shareholding requirement. The shareholding numbers are calculated using the share price as at 29 April 2022 of £10.21, which was the last trading day in the year ending 1 May 2022. For the Executive Directors' current holdings, this includes all beneficially owned shares. In addition, we have also shown the unvested 2020 and 2021 LTIP awards which are subject to ongoing performance conditions (see page 211 for full details of shareholdings).

As at the end of the financial year Anders Romberg, the former CFO, had met the shareholding requirement.



HOW IS THE POLICY GOING TO BE IMPLEMENTED IN FY23?

This section comprises part of the Annual Report on Remuneration. The following table summarises how the proposed Remuneration Policy will be operated in FY23. The decisions made by the Remuneration Committee took into account both internal and external conditions. The full Remuneration Policy can be found on pages 212 to 223 of this Report.

Element	Summary
Base salary	**Base salary levels for FY23** – CEO: £500,000 (No change) – CFO: £380,000 (No change) Salary reviews for all colleagues are scheduled to take place in October 2022. To the extent that there are increases, the Executive Directors will receive no more than the same percentage increase as the wider workforce.
Benefits	– Market standard benefits including (but not limited to) company car, private health insurance and life insurance
Pension	– The maximum value of the employer pension contribution allowance is in line with the contribution rate for the majority of colleagues (currently this is 3% of salary) – The CEO, Brian Duffy, has continued to waive his employer pension contribution
Bonus Plan **Cash**	**Annual bonus for FY23** – CEO: 150% of salary – CFO: 125% of salary – Two-thirds of the bonus award will be paid out in cash with the remaining one-third deferred into shares and subject to a three-year vesting period
Deferred shares	The payouts under the bonus for levels of performance will be as follows: **Threshold (20% of max bonus)*** — **Target (50% of max bonus)*** — **Maximum (100% of max bonus)*** * Straight line between these points. Awards will be based 100% on Adjusted EBIT[1]. Due to commercial sensitivity, the targets will be retrospectively disclosed at the end of the financial year. When determining bonus payouts the Committee will assess the overall appropriateness of the annual bonus outcome in light of factors including ESG performance and the experience of colleagues, clients and shareholders in the year.
LTIP	– Maximum opportunity of 200% of salary (CEO) and 175% of salary (CFO) – A two-year holding period will apply following the three-year vesting period **LTIP awards for FY23** – CEO: 200% of salary – CFO: 175% of salary – The LTIP awards will be granted in July 2022. The payouts under the LTIP for levels of performance will be as follows: **Threshold (20% of max LTIP)*** — **Target (60% of max LTIP)*** — **Maximum (100% of max LTIP)*** * Straight line between these points. Awards will be based 80% on three-year cumulative Adjusted EPS and 20% on three-year average ROCE. Targets are as follows: – Adjusted EPS: 166.2p (Threshold); 175.0p (Target); 183.7p (Maximum) – ROCE: 26.4% (Threshold); 27.8% (Target); 29.2% (Maximum)
Shareholding requirements	– The minimum shareholding requirement for Executive Directors is 200% of salary, which can be built up with five years of appointment – A post-cessation minimum shareholding requirement will apply to Executive Directors. The Executive Directors will be required to hold 100% of their pre-cessation shareholding requirement for 24 months from their leaving date. This is formalised in our new Remuneration Policy
Company Chair and Non-Executive Director Fees	**Annual fees for FY23 (subject to October 2022 salary/fee review)** – Chairman: £190,000 (No change) – NED base fee: £50,000 (No change) – Senior Independent Director fee: £10,000 (No change) – Committee Chair fee: £10,000 (No change) – Audit Committee, Remuneration Committee, ESG Committee membership fee: £5,000 ESG Committee is a new Committee. The Chair does not receive any additional Committee membership fee – Nomination Committee membership fee: £2,500 (No change)

1 This is an Alternative Performance Measure. Refer to Glossary on pages 283 to 285 for definitions and reconciliation to statutory measures.

FAIRNESS, DIVERSITY AND WIDER WORKFORCE CONSIDERATIONS

WORKING AT THE WATCHES OF SWITZERLAND GROUP

The Watches of Switzerland Group has always placed an emphasis on making the Company a great place to work through a culture of fairness, openness and inclusivity. We are committed to providing our colleagues with a dynamic workplace and to ensuring they are equipped with the most comprehensive tools to develop their full potential. This applies to colleagues both in offices and showrooms who are vital in offering our clients an unrivalled experience. Our vision and embedded values system enable us to celebrate and reward the achievements of our colleagues every day.

This report aims to demonstrate these values not only through our reward offering but also through the overall colleague experience. In making decisions on executive reward, the Remuneration Committee considers the remuneration and conditions for the wider workforce and we believe that it is important to be transparent about the link between the two.

As part of our commitment to fairness, we have included this dedicated section to provide more information on our communication with colleagues, remuneration principles, wider workforce pay conditions, the Remuneration Committee's remit, our gender pay statistics, how remuneration aligns with Group performance and the Group's fairness, diversity & inclusion initiatives.

The Remuneration Committee seeks to ensure that pay is fair throughout the Company and makes decisions in relation to the structure of executive pay in the context of the wider workforce remuneration and the cascade of incentives throughout the business.

The Remuneration Committee's remit extends down to Executives and Senior Management for which it determines and approves the level and structure of remuneration. In addition, in this section, we provide context to our executive pay by explaining our colleague policies and our approach to fairness, including whether the approach to executive remuneration is consistent and whether the incentives operated by the Company align with its culture and strategy.

COMMUNICATIONS WITH COLLEAGUES

Colleagues are not directly consulted on aspects of executive remuneration, however, there are a number of existing channels where their views on remuneration can be captured. For example, colleagues are able to talk about pay matters at the Company's Listening Forums and express their views through the Company's engagement surveys. We note that we are committed to giving our colleagues a voice and they have always had the opportunity to interact with our Directors. In 2019 we appointed Rosa Monckton to be the Designated Non-Executive Director for Workplace Engagement with responsibility for gathering our colleagues' views and presenting these to the Board.

Rosa is Co Chair of the UK Listening Forum alongside Craig Bolton, President UK & Europe and Nikki Zamblera, Executive Director HR. Rosa also Co Chaired the first Global Listening Forum where representatives from showrooms and support functions in both the UK and US met to ask questions of the Board as represented by Rosa and Brian Duffy, CEO. This meeting took place in April 2022 and was also attended by David Hurley, President North America & Deputy CEO, Craig Bolton, President UK & Europe and Nikki Zamblera, Executive Director HR.

In the February UK Listening Forum, representatives were invited to report back on which benefits colleagues would value outside of pay. The Board were pleased to learn that colleagues were feeling very positive about the recent share plan initiatives, the Company's bonus plans and recognition platforms as well as the e-learning and wellbeing platform. Feedback about the types of additional benefits that colleagues would most welcome centred on health and wellbeing. As a result of this a review was undertaken and an enhanced benefits offer was launched in June 2022. Enhancements include:

- A cash and health care plan for all UK colleagues (US colleagues can already enrol in a health plan)
- The introduction of a Buy Holiday scheme
- The provision of an additional day's holiday for colleagues to celebrate their birthday

Early indications are that these new benefits have received an extremely positive reception.

REMUNERATION PRINCIPLES

Our reward strategy is designed to support and reinforce the Company's purpose, vision and values, and to reward all of our colleagues for delivering against our strategic objectives. The remuneration principles that we have developed apply across the Group and are cascaded throughout the organisation.

REMUNERATION COMMITTEE REPORT

A process was introduced in 2020, which enables the Remuneration Committee to carry out an annual review of wider workforce pay and policies, and to ensure that they are designed to support the Company's desired culture and values.

The levels of remuneration and the types offered will vary across the Company depending on the colleague's level of seniority and role, and also the colleague's location. The Remuneration Committee is not looking for a homogeneous approach; however, when conducting its review it is paying particular attention to:

- Whether the element of remuneration is consistent with the Company's Remuneration Principles
- If there are differences, whether they are objectively justifiable
- Whether the approach seems fair and equitable in the context of other colleagues

Once the Remuneration Committee has conducted its review of the wider workforce remuneration and incentives, it will consider the approach applied to the remuneration of the Executive Directors and Senior Management. In particular, the Remuneration Committee is focused on whether, within the framework set out above, the approach to the remuneration of the Executive Directors and Senior Management is consistent with that applied to the wider workforce.

To ensure all our colleagues are able to share in the success that we deliver, during FY22 we provided our colleagues with a gift of 50 free shares, and also launched employee share save schemes in the UK and US allowing colleagues to purchase shares, at a discounted price, at the end of their savings contract. The Remuneration Committee believes this will enable long term share ownership amongst our colleagues and further increase alignment of interests with our shareholders.

As there have been no fundamental changes to the Group's remuneration framework between FY21 and FY22, the findings which we communicated in the 2021 Directors' Remuneration Report on pages 146 to 156 remain accurate. Therefore, the Remuneration Committee remains satisfied that the approach to remuneration across the Group is consistent with the Company's principles of remuneration. Furthermore, in the Remuneration Committee's opinion the approach to executive remuneration aligns with the wider Company pay policy and there are no anomalies specific to the Executive Directors.

The following table sets out a summary of the information received by the Remuneration Committee on the Group's remuneration structure:

Element of remuneration	Overview of practice at the Watches of Switzerland Group
Alignment with Remuneration Principles	The Watches of Switzerland Group's reward principles are designed to enable fair and flexible reward structures to be developed and implemented across the entire organisation. We continue to review and redesign our policies in line with this principle.
Salary	Salaries are set to reflect the market value of the role, and to aid recruitment and retention. Remuneration for all colleagues exceeds the National Living Wage. We also monitor closely the rates of pay of people who are training with us to make sure they remain fair and competitive. Salary increases are awarded annually following the Company's main pay review and are typically between 2% and 3%. From time to time ad hoc pay reviews are conducted in order to: – Make market adjustments, where necessary – Ensure the Company's targeted National Living Wage differential is maintained
Annual variable pay	All Watches of Switzerland Group colleagues are entitled to earn variable pay linked to stretching performance targets **Bonus** Subject to service and eligibility, our colleagues in support functions participate in the Company's annual bonus plan and are rewarded based on financial performance measured using Adjusted EBIT. Bonuses typically operate in one of three formats depending on the level of seniority and line-of-sight to performance: – For roles with a global remit, bonuses are based 100% on Group performance – For roles that wholly or mainly concentrate on either our UK or the US operation, bonuses are based 100% on the performance of the business in the relevant country – For certain business unit roles or regional roles, 50% of bonus is based on local performance (e.g. UK/US) and 50% is based on the performance of the relevant business unit In line with market practice, the bonus quantum and the question of whether it is paid solely in cash or in a mixture of cash and deferred shares depends on the level of seniority of the colleague. Bonuses to eligible colleagues are normally paid in June. **Sales commission plans** A range of plans exist for our retail team members which reflect the size and complexity of the stores. Targets can be based on individual objectives for larger stores or team-based objectives for smaller stores. The majority of these plans are paid monthly, sometimes quarterly. We review these schemes periodically to ensure they adhere to our reward principles and support good client outcomes.
LTIP	The LTIP is currently available to Executive Directors and Senior Management. LTIP awards are granted annually. Malus and clawback provisions are in place. The vesting period is three years and all LTIP participants are subject to an additional two-year holding period. Eligible colleagues and details of award opportunity are set out below:

Level	No. of eligible colleagues	Targeted ranges (% of salary)
Group CEO	1	200%
Group CFO	1	175%
Senior Management	20	20%-80%

Element of remuneration	Overview of practice at the Watches of Switzerland Group
Pension	The Company operates a defined contribution pension arrangement, which all UK colleagues are entitled to participate in. The Executive Directors are entitled to receive an employer pension contribution of 3% of salary, which is aligned with the level available to the majority of the wider workforce in the UK. In the US the Company offers a 3% of salary 401k employer match.
Benefits	We offer a suite of benefits across the Group, which are designed to be appropriate for different roles and functions. These include health insurance (for all US colleagues and some UK colleagues), and in the UK, season ticket loans, a cycle to work scheme and a Health Cash Plan was introduced in June 2022. Life cover is offered to varying degrees depending on grade. We operate an Employee Assistance Programme (EAP) in the UK. This is intended to help colleagues deal with any personal problems that may adversely impact their work performance, health and/or wellbeing. All of our colleagues are entitled to colleague discounts, subject to the rules of the relevant schemes.
All-employee share schemes	Our colleagues are able to participate in our employee share save schemes in the UK and US.

A summary of the Company's general policies is as follows:

Policy	Description
Reward	We have an ethical pay policy, whereby we ensure that our pay rates are ahead of the National Living Wage. As indicated above, we have implemented interim reviews for relevant groups of colleagues when deemed necessary to guarantee compliance with the legislation, and to ensure that our pay rates remain competitive with those of our main competitors. The Group has previously undergone a National Living Wage audit from HM Revenue & Customs, with a very positive result.
Recognition and celebration	Our recognition programme, VibE, provides all colleagues with the ability to recognise and celebrate achievements across the colleague population instantly via a digital platform. In FY22 we launched Workplace, a two way, interactive platform that enables colleagues to engage with one another, share Company and personal news and recognise and celebrate achievements across the Group.
Development opportunities	We are proud of our wide range of training and development programmes both in the UK and US, and we work closely with our brand partners to ensure that our colleagues are true experts in our category. Our e-learning modules make learning and personal development accessible to all.
Diversity & Inclusion	The Company is committed to an active Diversity & Inclusion Policy from recruitment and selection, through training and development, performance reviews and promotion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. The Company is responsive to the needs of its colleagues, clients and the community. We are an organisation that seeks to make use of everyone's talents and abilities, and where diversity is valued. The Company ensures that its promotion and recruitment practices are fair and objective and encourages the continuous development and training of its colleagues, as well as the provision of equal opportunities for the training and career development of all colleagues. Further details of this are shown on pages 124 to 128.

GENDER PAY

UK legislation requires employers with more than 250 colleagues to disclose information on their gender pay gap on an annual basis. We have published our fifth disclosure of the pay gap based on amounts paid in the April 2021 payroll. The bonus gap was based on incentives paid in the year to 31 March 2021. The mean gender pay gap at the Group is 25%, compared to 28% last year. The mean bonus gap at the Group is 40%, compared to 51% last year. Whilst there is still some way to go, we are encouraged by the progress we have made and expect it to continue as the Group continues to grow. The full report, including details on the initiatives we have underway to help close our gender pay gap, is available on our website thewosgroupplc.com.

REMUNERATION AND ALIGNMENT WITH PERFORMANCE

CEO pay ratio

Our CEO to employee pay ratios for FY20 to FY22 are set out in the table below:

Financial year	Method used	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
FY22 (reported)	Option A	253:1	213:1	157:1
FY21 (reported)	Option A	61:1	51:1	37:1
FY20 (reported)	Option A	317:1	262:1	179:1
FY20 (excluding one-off IPO award)[1]	Option A	25:1	21:1	14:1

Notes

1. The CEO single figure of remuneration for FY20 included the one-off IPO award (which had a value of £5,999,999 based on the IPO price of £2.70) to Brian Duffy. On the Company's Admission, Brian Duffy was granted a one-off award in the form of a nil-cost option by the principal selling shareholder over some of their shares, in recognition of his contribution to the Company up to Admission and to ensure ongoing incentivisation and retention in his role following IPO. The terms of this award were agreed in FY19 (and can be found on pages 75 and 76 of the 2019 Annual Report) and subsequently finalised early in FY20 and as such, it was included in the FY20 single total figure of remuneration.

Details of salary and total pay and benefits as required under the regulations are set out below:

CEO base salary (£'000): 500

CEO total pay and benefits (£'000): 5,567

Employee figures (£'000)	Salary	Total pay and benefits
25th percentile employee	21.3	22.0
50th percentile employee	20.6	26.1
75th percentile employee	29.0	35.5

The Company has used Option A to calculate the CEO pay ratio. The Company feels that using comparable single figure data ensures the most like for like comparison of CEO pay against the pay levels of colleagues at the 25th, 50th and 75th percentiles. We have determined the individuals at the 25th, 50th and 75th percentiles as at 1 May 2022, the last day of the financial year.

The CEO pay ratio has increased during the year due to the vesting of the first LTIP award as a listed company, based on performance to the end of FY22. The FY21 and FY20 ratios do not include a value in respect of the LTIP, whereas the FY22 ratio includes £4.29 million in respect of our first LTIP award vesting in the year and therefore accounts for a significant element of the ratio change. As previously noted, our EPS performance significantly exceeded the maximum target set and we are delighted that our first LTIP award vested in full. The CEO's pay is made up of a greater proportion of incentive pay than for colleagues generally, and this leads to a higher degree of variability in his overall pay each year. LTIPs are provided in shares, and therefore the significant increase in share price over the three years magnifies the impact of the long term incentive award vesting. The LTIP is currently available to Executive Directors and Senior Management.

We recognise that the ratio is driven by the different structure of the pay of our CEO versus that of our colleagues generally, as well as the make-up of our workforce. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the CEO and wider workforce. The Remuneration Committee reviews information about colleague pay, reward and progression policies of the Company and is comfortable that the median pay ratio is consistent with these policies.

NOTES ON METHODOLOGY

In determining the quartile figures, the hourly rates were annualised using the same number of contractual hours as the CEO. Actual pay and benefits were calculated for all UK colleagues at the snapshot date and subsequently ranked in order to identify the relevant person at each quartile. For the purpose of the calculations the following elements of pay were included (if applicable) for all colleagues:

- Annual basic salary
- Private medical insurance value
- Car or car allowance
- Employer pension contribution (noting that the current CEO continues to waive his employer pension contribution)
- Bonus earned in the year in question
- LTIP value
- Management incentive plan value

For FY22, the CEO received an annual bonus of 100% of maximum i.e. 150% of salary and the LTIP award, which was granted in July 2019, vested at 100% of maximum. See page 198 for further information on the factors considered by the Remuneration Committee when determining FY22 bonus outcomes. No elements of pay have been omitted. Where required, remuneration was approximately adjusted to be on a full-time and full-year equivalent basis based on the colleague's contracted hours and the proportion of the year they were employed.

Percentage change in Directors' remuneration

The following table shows how the percentage change in each Director's salary/fees, taxable benefits and annual bonus from FY20 to FY22 compares with the average percentage change in each of those components of pay for the UK-based colleagues of the Group as a whole.

This table will build up over time to a five-year comparison as required by the reporting regulations. The regulations prescribe that all employees of the listed company, excluding Directors, should be included in the average employee calculation. However, as the Watches of Switzerland Group PLC does not have any colleagues other than the two Executive Directors, no statutory disclosure can be provided in respect of colleagues. Therefore, the Company has chosen to voluntarily disclose the information in the table below using UK full-time colleagues as the comparator group; this group was chosen on the basis that the majority of our workforce is UK-based.

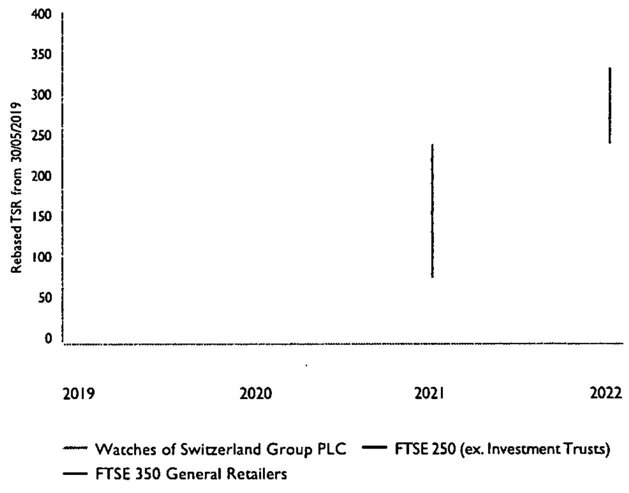
Year-on-year changes in pay for Directors compared to the average UK employee increase:

Name	FY20 to FY21 Salary/Fees	FY20 to FY21 Taxable benefits	FY20 to FY21 Annual bonus	FY21 to FY22 Salary/Fees	FY21 to FY22 Taxable benefits	FY21 to FY22 Annual bonus
Executive Directors						
Brian Duffy	0%	2.7%	n/a[1]	4.3%[2]	(0.6)%	4.3%
Bill Floydd[3]	n/a	n/a	n/a	n/a	n/a	n/a
Anders Romberg[4]	0%	(43.0)%	n/a[1]	(30.4)%	(27.7)%	(30.4)%
Non-Executive Directors						
Ian Carter[5]	n/a	n/a	n/a	0%	0%	n/a
Tea Colaianni	0%	n/a	n/a	10.0%[6]	0%	n/a
Robert Moorhead	0%	n/a	n/a	10.8%[6]	0%	n/a
Rosa Monckton MBE	0%	n/a	n/a	18.3%[6]	0%	n/a
Chabi Nouri[7]	n/a	n/a	n/a	n/a	n/a	n/a
Average percentage increase for UK employees	5.0%	4.0%	n/a[1]	9%	(15.5)%[8]	35%

Notes
1. The Group bonus scheme did not trigger in FY20.
2. At the beginning of the pandemic, Brian Duffy took a temporary voluntary pay reduction in FY21.
3. Bill Floydd was appointed as CFO with effect from 1 January 2022.
4. Anders Romberg stepped down as CFO and as an Executive Director of the Board with effect from 1 January 2022.
5. Ian Carter was appointed as Chair of the Board on 1 November 2020.
6. Increase in Non-Executive Director fees is due to an additional fee being paid for membership of the ESG Committee and for the payment of chair of the ESG Committee.
7. Chabi Nouri was appointed as an independent Non-Executive Director with effect from 1 May 2022 and is therefore not included in the table above.
8. Reduction in taxable benefits is due to a move to a hybrid and electric car fleet.

Total Shareholder Return

The graph below shows the Group's TSR performance (share price plus dividends paid) compared with the performance of the FTSE 250 (excluding Investment Trusts) Index and the FTSE 350 General Retailers, since the Company's IPO in June 2019. These indices have been selected because the Company believes that the constituent companies are the most appropriate for this comparison for the Group. This chart will be built out in future reports until it provides a picture of performance over ten years.



CEO remuneration since IPO

The Remuneration Committee does not believe that the remuneration paid whilst the Company was private is relevant to the remuneration following IPO. As such, FY20 was the first financial year where the Company was listed. We will add to this table each year until a full ten-year history is shown.

Year	FY20	FY21	FY22
Incumbent	B. Duffy	B. Duffy	B. Duffy
Single figure of remuneration (excluding one-off IPO award)[1]	£6,512,387 (£512,388)	£1,221,337	£5,567,123
% of max annual bonus earned	0%	100%	100%
% of max LTIP awards vesting	n/a	n/a	100%

Notes
1. The CEO single figure of remuneration for FY20 included the one-off IPO award (which had a value of £5,999,999 at grant) to Brian Duffy. On the Company's Admission, Brian Duffy was granted a one-off award in the form of a nil-cost option by the principal selling shareholder over some of their shares, in recognition of his contribution to the Company up to Admission and to ensure ongoing incentivisation and retention in his role following IPO. The terms of this award were agreed in 2019 (and can be found on pages 75 and 76 of the 2019 Annual Report) and subsequently finalised in the year ended 26 April 2020 and as such, it was included in the FY20 single total figure of remuneration.

Relative importance of spend on pay

The table below shows the percentage change in total employee pay expenditure and shareholder distribution (i.e. dividends and share buybacks) from the financial year ended 2 May 2021 to the financial year ended 1 May 2022.

Relative importance of the spend on pay	FY22 £m	FY21 £m	% Change
Colleague remuneration	119.9	101.3	18.4%
Distribution to shareholders	£0	£0	0%

ANNUAL REPORT ON REMUNERATION

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below sets out the single total figure of remuneration and breakdown for each Director in respect of FY22. Figures provided have been calculated in accordance with the UK disclosure requirements: The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2019 (Schedule 8 to the Regulations).

Name	Period	Salary/Fees £	Taxable benefits[2] £	Bonus[3] £	LTIP[4] £	Pension[5] £	Other[6] £	Total £	Total Fixed Remuneration £	Total Variable Remuneration £
Executive Directors[1]										
Brian Duffy	FY22	500,000	23,281	750,000	4,293,842 *999,999** *3,293,843***	0	n/a	5,567,123	523,281	5,043,842
	FY21	479,167	23,419	718,751	0	0	n/a	1,221,337	502,586	718,751
Bill Floydd[7]	FY22	126,667	5,989	158,333	0	3,800	48,891	343,680	136,456	207,224
	FY21	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Anders Romberg[8]	FY22	233,333	24,229	233,333	2,264,699 *527,430** *1,737,269***	7,000	n/a	2,762,594	264,562	2,498,032
	FY21	335,417	33,499	335,417	0	10,719	n/a	715,052	379,635	335,417
Non-Executive Directors[1]										
Ian Carter[9]	FY22	190,000	6,752	n/a	n/a	n/a	n/a	196,752	196,752	n/a
	FY21	95,000	0	n/a	n/a	n/a	n/a	95,000	95,000	n/a
Tea Colaianni[10]	FY22	81,667	0	n/a	n/a	n/a	n/a	81,667	81,667	n/a
	FY21	74,271	0	n/a	n/a	n/a	n/a	74,271	74,271	n/a
Robert Moorhead[10]	FY22	71,667	0	n/a	n/a	n/a	n/a	71,667	71,667	n/a
	FY21	64,688	0	n/a	n/a	n/a	n/a	64,688	64,688	n/a
Rosa Monckton MBE[10]	FY22	70,833	0	n/a	n/a	n/a	n/a	70,833	70,833	n/a
	FY21	59,896	0	n/a	n/a	n/a	n/a	59,896	59,896	n/a
Chabi Nouri[11]	FY22	–	–	n/a	n/a	n/a	n/a	–	–	n/a
	FY21	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes

1. The salary/fees for the Executive Directors and Non-Executive Directors in FY21 reflect the voluntary temporary reduction of 25% that was effective for three months from 1 April 2020 until 30 June 2020. The amounts waived for the CEO and CFO were £20,833 and £14,583 respectively. There was no salary increase for the Executive Directors from FY21 to FY22 and the difference between FY21 and FY22 shown above reflects the end of this temporary reduction only. The amounts waived for each of the Non-Executive Directors, in the order in which they are listed in the table above, are n/a, £3,228, £2,812 and £2,604, n/a.
2. Taxable benefits for Executive Directors includes one or more of: private healthcare; accommodation when attending different offices; company car (including private fuel); or a car allowance. Taxable benefits for Non-Executive Directors includes reimbursement for travel and accommodation costs.
3. The annual bonus is paid two-thirds in cash and one-third in shares, with the portion deferred into shares subject to continued employment for three years but with no further performance conditions attached. This year the annual bonus paid out at 100% of maximum for all Executive Directors. See page 209 for further details on the annual bonus outturn for FY22.
4. The LTIP award vested at 100% of maximum and a two-year holding period applies following vesting. The share price also increased significantly over the period from £2.70 on award to £11.59 (330% increase, based on the three month average to year end used to value the award for the single figure purpose) delivering exceptional returns to shareholders. Of the total amount, £3,293,843 and £1,737,269 for the CEO and the former CFO respectively reflects the share price appreciation in the period, since grant. There was no discretion exercised in respect of the awards.
5. No Director has a prospective entitlement to receive a defined benefit pension.
6. Other remuneration consists of share awards granted to Bill Floydd on his appointment to replace the final two tranches of the 2017/18 LTIP award forfeited by Bill on leaving his previous employer. As disclosed in his previous employer's 2020/21 Annual Report, 47,013 shares of the 2017/18 LTIP award vested following the assessment of the LTIP performance conditions. The first tranche of this award, 15,671 shares, vested to Bill in October 2021 while he remained in employment and therefore is not being replaced. The amount shown in the table above comprises 1,721 shares, granted to replace the second tranche of the 2017/18 LTIP award, which will vest in October 2022 (subject to a one year holding period) and 1,722 shares, granted to replace the third tranche of the 2017/18 LTIP award, which will vest in October 2023. The value shown in the table is based on a share price of £14.20, being the closing share price on 31 December 2021, the last trading day before his appointment. Further detail in respect of the awards can be found on page 210 of this Report.
7. Bill Floydd was appointed as CFO and Executive Director with effect from 1 January 2022.
8. Anders Romberg stepped down as CFO and as an Executive Director of the Board with effect from 1 January 2022. He remained employed by the Company until 25 February 2022.
9. Ian Carter was appointed as Chair of the Board on 1 November 2020.
10. Fees for FY22 include fees in respect of the new ESG Committee. There has been no increase in any of the individual fee components.
11. Chabi Nouri was appointed to the Board with effect from 1 May 2022. She received fees of £nil in respect of FY22.

* Value at grant.

** Share price appreciation.

ANNUAL BONUS OUTCOMES IN FY22 (AUDITED)

The maximum bonus opportunity for the CEO, CFO and former CFO for FY22 was 150%, 125% and 100% of salary respectively. Two-thirds of the bonus award will be paid out in cash with the remaining one-third deferred into shares and subject to a three-year vesting period. Details of the targets used to determine bonuses in respect of FY22 and the extent to which they were satisfied are shown in the table below:

Performance condition	Weighting	Threshold performance required (20% of Max Bonus)	Maximum performance required (100% of Max Bonus)	Actual performance	Percentage of maximum performance achieved	Bonus value achieved Brian Duffy	Bill Floydd	Anders Romberg
Adjusted EBIT	100%	£91.3m	£98.7m	£130.3m	100%	£750,000	£158,333	£233,333

Notes

1. The annual bonus value for the CFO and former CFO have been pro-rated for time employed as Directors employment in the financial year.

FY22 is the third year of operation of the Bonus Plan. In determining the outcome of the bonus, the Remuneration Committee assessed the formulaic annual bonus outcome for FY22 against a range of factors including the wider stakeholders' experience as outlined in the Remuneration Chair's letter on page 196.

The Remuneration Committee was satisfied that the outcome was reflective of the underlying performance of the business and determined that the FY22 bonus outturn for the CEO, CFO and former CFO was maximum, which equated to 150% of salary, 125% of salary and 100% of salary respectively (based on the pro-rated salaries for the CFO and former CFO). The CFO's and the former CFO's annual bonus has been pro-rated for their time in employment with the Company in the financial year (based on the pro-rated salaries for the CFO and former CFO). The CFO's and the former CFO's annual bonus has been pro-rated for their time in employment with the Group in the financial year. Two-thirds of the bonus is paid in cash and one-third was paid in deferred shares. No discretion was exercised by the Committee.

LONG TERM INCENTIVE OUTCOMES IN FY22

In July 2019, the Company granted the CEO and the former CFO a long term incentive award of 200% of salary and 175% of salary respectively. The awards were subject to performance to the end of FY22. Details of the three-year cumulative EPS targets attached to these awards and the extent to which they were satisfied are shown in the table below. A two-year holding period applies to long term incentive awards following vesting.

Performance condition	Weighting	Threshold performance required (20% of Max LTIP)	Maximum performance required (100% of Max LTIP)	Actual performance	Vesting level
Cumulative Adjusted EPS	100%	62.11p	68.65p	82.2p	100%

The single figure for the CEO has increased from £1.22 million in FY21 to £5.57 million in FY22. This increase reflects the fact that our first LTIP award as a listed company vested based on performance to the end of FY22 which accounts for £4.29 million of this value. As noted above, our EPS performance significantly exceeded the maximum target set and we are delighted that our first LTIP award vested in full. The share price also increased significantly over the period from £2.70 on award to £11.59 (330% increase, based on the three month average to year end used to value the award for the single figure purpose) delivering exceptional returns to shareholders.

LONG TERM INCENTIVES AWARDED IN FY22 (AUDITED)

The table below sets out the details of the long term incentive awards granted in FY22, where vesting will be determined according to the achievement of performance conditions that will be tested in future reporting periods:

Name	Award type	Basis on which award made	Face value of award	Shares awarded	Percentage of award vesting at threshold performance (%)	Maximum percentage of face value that could vest (%)	Performance conditions
Brian Duffy	Nil-Cost Options	Annual – 200% of salary	£999,999	106,157	20%	100%	EPS (80%) ROCE (20%)
Bill Floydd	Nil-Cost Options	Annual – 175% of salary	£665,000	46,830	20%	100%	EPS (80%) ROCE (20%)
Anders Romberg	Nil-Cost Options	Annual – 175% of salary	£612,500	65,021	20%	100%	EPS (80%) ROCE (20%)

The awards for the CEO and the former CFO were granted on 15 July 2021; the face value is calculated with reference to a share price of £9.42, being the closing share price on 14 July 2021. The award for the CFO was granted on 14 February 2022; the face value is calculated with reference to a share price of £14.20, being the closing share price on 31 December 2021, the last trading day before his appointment. The awards will vest, subject to the level of performance achieved, in FY24.

80% of the award vests by reference to a three-year cumulative EPS (pre-exceptionals and pre-IFRS 16 adjustment) performance measure with 20% of the award vesting at a cumulative EPS of 103.7p and 100% of the award vesting at a cumulative EPS of 114.6p. Options vest on a straight-line basis between those targets.

20% of the award vests by reference to a three-year average ROCE performance measure with 20% of the award vesting at an average ROCE of 21.0% and 100% of the award vesting at an average ROCE of 23.2%. Options vest on a straight-line basis between those targets. ROCE is defined in the Glossary on page 284.

DEFERRED SHARE AWARDS GRANTED IN FY22 (AUDITED)

The table below sets out the details of the deferred share awards granted under the Company's 2019 Annual and Deferred Bonus Plan during FY22:

Name	Award type	Basis on which award made	Face value of award	Shares awarded
Brian Duffy	Nil-Cost Options	Deferral of FY21 bonus	£239,579	25,433
Anders Romberg	Nil-Cost Options	Deferral of FY21 bonus	£111,787	11,867

The awards for the CEO and the former CFO were granted on 15 July 2021; the face value is calculated with reference to a share price of £9.42, being the closing share price on 14 July 2021. The awards will vest, subject to continued employment or good leaver status, in FY24.

The FY21 bonus shares awarded to Anders on 15 July 2021, are to be exercised within six months of leaving the Company. After exercise the shares will be held within a nominee account for 12 months in line with the post cessation executive shareholding guidelines, subject to selling sufficient shares to cover any tax liability that may arise.

REPLACEMENT AWARDS GRANTED TO BILL FLOYDD IN FY22 (AUDITED)

The table below sets out details of the replacement awards granted to Bill Floydd, to compensate for the share awards he forfeited on leaving his previous employer:

Name	Award type	Basis on which award made	Face value of award	Shares awarded
Bill Floydd	Conditional award	Replacement award	£24,438[1]	1,721
			£24,452[1]	1,722
			£502,566	35,392

Notes

1. These buyout awards were granted under a separate Agreement in accordance with Listing Rule 9.4.2. The key terms of the Agreement mirror the key Terms of the Company's Long Term Incentive Plan.

The replacement awards were granted on 14 February 2022, and the face value is calculated with reference to a share price of £14.20, being the closing share price on 31 December 2021, the last trading day before his appointment. Further details in relation to the replacement awards are set out below.

- In respect of the final two tranches of the 2017/18 LTIP award – 3,443 shares were granted to Bill to compensate him for the portion of the 2017/18 LTIP award forfeited on leaving his previous employer. As disclosed in his previous employer's 2020/21 Annual Report, 47,013 shares of the 2017/18 LTIP award vested following the assessment of his previous employer's performance conditions. The first tranche of this award, 15,671 shares, vested to Bill in October 2021 while he remained in employment with his previous employer and therefore is not being replaced by Watches of Switzerland. 1,721 shares were granted to Bill to replace the second tranche of the 2017/18 LTIP award (face value: £24,438) which will vest in October 2022 (subject to a one-year holding period). 1,722 shares were granted to Bill (face value: £24,452) to replace the third tranche of the 2017/18 LTIP award, which will vest in October 2023 (no holding period will apply). These vesting dates and holding period are in line with the vesting timeline of the forfeited award
- In respect of the 2020/21 LTIP award – 35,392 shares (face value: £502,566) were granted to Bill to compensate for his forfeited 2020/21 LTIP award. This award is due to vest in December 2023. The portion of the award vesting will be determined by the Company, in line with the original LTIP performance metrics applicable to the 2020/21 LTIP award, to be disclosed in his former employer's 2022/23 Annual Report. Any shares that vest will be subject to a two-year holding period. The vesting date and holding period are in line with the vesting timeline of the forfeited award
- As set out in the 'Long term incentives awarded in FY22' section above, Bill also received an award of shares in recognition of joining the Group, which have the same performance measures, targets, and vesting terms as the 2021 Watches of Switzerland Group LTIP award granted to other members of the Group's Senior Management in July 2021. The award will vest in July 2024 and will be subject to a two-year holding period. The award was made on an annualised basis, and equivalent to 175% of base salary, given that on leaving his previous employer Bill was not eligible to receive an LTIP award for the financial year

DIRECTORS' SHARE INTERESTS (AUDITED)

Name	Current shareholding	Beneficially owned	Deferred shares not subject to performance conditions	LTIP interests subject to performance conditions	Shareholding requirement % salary	Shareholding requirement met?
Executive Directors						
Brian Duffy	7,696,999	7,696,999	25,433	789,027	200%	Yes
Bill Floydd	–	–	3,443	82,222	200%	No[1]
Anders Romberg[2]	1,283,512	1,283,512	11,867	483,279	200%	Yes
Non-Executive Directors						
Ian Carter	43,700	43,700			n/a	n/a
Tea Colaianni	24,447	24,447			n/a	n/a
Robert Moorhead	22,125	22,125			n/a	n/a
Rosa Monckton MBE	8,904	8,904			n/a	n/a

1 The minimum shareholding requirement can be built up within five years of appointment.
2 Shares held and LTIP interest as at 1 January 2022, the date Anders stepped down from the Board.

The market price of shares at 29 April 2022 was 1,021p and the range during FY22 was 662p to 1,518p.

Brian Duffy exercised his one-off IPO award during the year. As a result of the exercise of the option, Brian Duffy retained 1,222,222 shares in the Company.

Details of payments Anders Romberg received or will receive following his stepping down as an Executive Director are set out below. No other payments were made to past Directors in FY22.

As announced previously, Anders Romberg stepped down as CFO and as an Executive Director of the Company with effect from 1 January 2022. Anders remained in employment with the Company until 25 February 2022 supporting handover to the new CFO, Bill Floydd. Anders has not and will not receive any loss of office payments, nor will he be paid any further remuneration other than that accrued up to his date of leaving. On his retirement, Anders received a watch from the Company with a taxable value of £8,230 as a thank you for his seven years of service and his significant contribution to the business during this period.

The Remuneration Committee has treated Anders as a Good Leaver for the purpose of incentives. Anders is eligible to receive an annual bonus for FY22 based on performance and pro-rated for time in employment, as shown on page 209. Anders is entitled to retain his unvested long term incentive awards, subject to the achievement of performance at the normal vesting date. For this purpose, his unvested awards have been pro-rated for the period he was employed by the Company during the performance period, with the number of shares retained being 195,344, 90,386 and 12,642 in respect of the awards granted in FY20, FY21 and FY22 respectively. Any shares that vest must be held by Anders for 24 months following the vest date. Sufficient shares may be sold on the vest date to cover the tax liability which will crystallise.

11,867 shares awarded to Anders on 15 July 2021, under the Company's Annual Deferred Bonus Plan, are to be exercised within six months of leaving the Company. After exercise the shares will be held within a nominee account for 12 months, from the date of retirement, in line with the post cessation executive shareholding guidelines, subject to selling sufficient shares to cover the tax crystallisation which will arise on the transfer.

APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The FY22 Directors' Remuneration Report and Directors' Remuneration Policy (as set out on the following pages) will be subject to a shareholder vote at the 2022 AGM.

The table below sets out the actual voting in respect of resolutions regarding remuneration at previous Annual General Meetings.

	Votes For	% For	Votes Against	% Against	Total Votes	Votes Withheld
Approve the 2021 Directors' Remuneration Report (2021 AGM)	211,966,138	99.06%	2,007,986	0.94%	213,974,124	538,806
Approve the 2019 Directors' Remuneration Policy (2019 AGM)	211,784,331	99.99%	14,400	0.01%	211,798,731	0

TEA COLAIANNI
CHAIR OF THE REMUNERATION COMMITTEE
6 July 2022

PROPOSED 2022 DIRECTORS' REMUNERATION POLICY

This section contains Watches of Switzerland Group PLC's proposed Directors' Remuneration Policy (the 'Remuneration Policy') that will govern and guide the Company's future remuneration payments to Directors. The Remuneration Policy described in this section will be subject to approval by shareholders at the Company's AGM on 1 September 2022, and is intended to apply from the 2022 AGM for three years to the end of the AGM in 2025 ('Policy Period').

The Remuneration Committee has established the Remuneration Policy for the remuneration of the Chair and Executive Directors, and the Board has established the Remuneration Policy for the remuneration of the Non-Executive Directors.

PROCESS TO DETERMINE NEW REMUNERATION POLICY

In order to determine the Remuneration Policy the Remuneration Committee:

- Independently reviewed the impact of the Company's strategy on remuneration and considered whether the current approach to remuneration continues to be the best way to align the Policy with our growth strategy
- Sought advice from its independent remuneration consultant on market practice and current investor sentiment in formulating the Remuneration Policy
- Consulted with the Chair of the Board, CEO and CFO on the proposed Remuneration Policy

During its deliberations on the Remuneration Policy, the Remuneration Committee were mindful of the potential for conflicts of interest and sought to minimise these through an open and transparent process, both internally and externally, by seeking independent advice, and through consultation with shareholders.

REMUNERATION STRATEGY

The Company's Remuneration Policy is designed to provide a framework to:

- Promote the long term sustainable success of the Group
- Support the Group strategy; linked to KPIs
- Recruit, retain and develop high quality people who are experts in their field
- Focus the Executive Directors on the delivery of the Group's growth strategy
- Provide an appropriate balance between fixed and performance-related pay to support a high-performance culture and a platform for delivering superior service to our clients and enabling expansion of the business and delivering value for our shareholders
- Provide a remuneration structure which is easily understood by all stakeholders
- Adhere to principles of good corporate governance and appropriate risk management

In determining the Remuneration Policy the Remuneration Committee paid particular attention to Provision 40 of the UK Corporate Governance Code 2018 (the 'Code'). The following table summarises the Committee's views of how the Remuneration Policy aligns with these principles:

Factor: Clarity

- The Remuneration Policy sets out clearly the basis for any payments and the terms of the incentive arrangements operated
- The performance conditions used for the Annual Bonus Plan and Long Term Incentive Plan are based on the Group's KPIs ensuring direct alignment between the successful implementation of the strategy and the reward provided to the Executive Directors

Factor: Simplicity

- The Incentive Plans are in line with standard UK market practice and therefore should be familiar to all stakeholders

Factor: Risk

- Setting defined limits on the maximum awards which can be under the Annual Bonus Plan and the Long Term Incentive Plan
- Requiring the deferral of a substantial proportion of the Incentives in shares for a material period of time
- Aligning the performance conditions for incentives with the strategy of the Company
- Ensuring a focus on sustainable performance through the Long Term Incentive Plan and shareholding guidelines as well as post-employment shareholding requirements
- Ensuring there is sufficient flexibility to adjust incentive payments through malus and clawback
- Ensuring an overriding discretion to depart from formulaic outcomes under the Incentives

These features outlined above mitigate against the inherent risk of incentives creating the wrong behaviours by:

- Limiting the maximum value that can be earned
- Deferring a significant proportion of the value earned in shares, for the long term which helps ensure that the performance earning the award was sustainable and thereby discouraging short term behaviours
- Aligning any reward to the agreed strategy of the Company
- Focusing the Long Term Incentive Plan on sustainable performance over the longer term
- Reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate
- Reducing the awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Group

Factor: Predictability

- The Remuneration Policy clearly sets out the potential rewards available to the Executive Directors depending on the performance achieved. In addition, all the safeguards set out in the Risk section are disclosed as part of the Remuneration Policy

Factor: Proportionality

- The Company's incentives clearly reward the successful implementation of the strategy and, through deferral and measurement of performance over a number of years, ensure that the Executive Directors have a strong drive to ensure that the performance is sustainable over the long term. The Remuneration Committee has overriding discretion to depart from the formulaic outcomes under the incentive plans if they do not reflect underlying business performance or the experience of stakeholders which mitigates the risk of reward for poor performance

Factor: Alignment to culture

- A key tenet of the Group culture is a focus on ensuring long term sustainable performance. This is reflected in the type of performance conditions used in the incentive plans
- The focus on share ownership and long term sustainable performance is also a key part of the Company's culture

OPERATION OF THE REMUNERATION POLICY

The Remuneration Policy aims to align the interests of the Executive Directors, Senior Management and colleagues to the long term interests of shareholders and aims to support a high performance, collegiate and inclusive culture with appropriate reward for superior Group, business unit and individual performance without creating incentives that will encourage excessive risk taking or unsustainable Company performance. Overall remuneration levels have been set at a level that are considered by the Remuneration Committee to be appropriate for the size and nature of the business, having taken specialist, independent advice where necessary. There has been no increase to any element of the CEO's remuneration package since our admission to the London Stock Exchange in June 2019, despite the significant increase in the size of the business.

Desired Remuneration Policy position

The Remuneration Committee feels that it is necessary to have a specific policy position for new members of the Board to take into account that the Company continues to mature and the size and complexity of its operations continue to increase. The CEO has been with the business since 2015 and has elected not to take an annual pay rise at any time during his tenure. He retains a substantial equity holding in the business and his remuneration, in particular the level of his base salary, is at the lower end of market compared to other companies of a similar size and complexity.

In the event that we were to appoint a new Executive Director, the desired policy position for remuneration (compared to the FTSE 250, excluding financial services) is as follows:

- Median – fixed pay
- Median – upper quartile incentive opportunities
- Total target remuneration at around the median

The Remuneration Committee feels that this approach is aligned with the performance-based culture of the Group with market level of rewards only being earned if performance is delivered with the opportunity to earn more than median for exceptional performance. The Remuneration Policy position was taken into account by the Remuneration Committee when the remuneration package for the new CFO was agreed.

Key changes to our Remuneration Policy

Following the Remuneration Committee's detailed review of the current Remuneration Policy, the Remuneration Committee concluded that the current Remuneration Policy remains fit-for-purpose and continues to support the execution of our long term strategy. As such, no major changes are proposed.

In line with best practice and to further support sustainable decision-making, the Committee has extended the post-employment shareholding requirement for the CEO, such that he will be required to retain 100% of his pre-cessation shareholding requirement for a period of two years from the date of cessation of his employment. This is in line with the approach that was agreed with our new CFO.

Other minor changes have been made to the wording of the Remuneration Policy to aid operation, increase flexibility in certain areas in-line with standard market practice and to increase clarity.

Given the increasing internationalisation of the business, we have included the option to introduce a travel allowance for the Chair and Non-Executive Directors where they are required to travel outside of their country of residence to attend board meetings. We would consider introducing this allowance should it become appropriate.

Remuneration Policy summary
The following table summarises the key components of Executive Director remuneration:

Element of remuneration and link to strategy: Base salary

Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group's strategy.

Operation
An Executive Director's basic salary is set on appointment and normally reviewed annually or when there is a change in position or responsibility. When determining an appropriate level of salary, the Remuneration Committee considers factors such as:

- Pay increases to other colleagues
- Remuneration practices within the Group
- Any change in scope, role and responsibilities including as a result of any changes in the size and complexity of the organisation
- The general performance of the Group and each individual
- The experience of the relevant Director
- The economic environment

Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the general rises for colleagues until the target positioning is achieved.

Maximum opportunity
Whilst there is no maximum salary, increases will normally be in line with the typical increases awarded to other colleagues in the Group.

However, the Remuneration Committee may determine larger increases in circumstances such as, but not limited to, there being a material change in the size and responsibilities of the role (including as a result of a significant change in Group size and/or complexity of operations), or when the overall remuneration opportunity has been set lower than the market and larger increases are justified based on skills/performance in role.

Performance conditions and recovery provisions
A broad assessment of individual and business performance is used as part of the salary review.

No recovery provisions apply.

Element of remuneration and link to strategy: Pension

Provides a minimum level of benefits to support a low fixed cost and a performance-based Remuneration Policy.

Operation
The Group provides a pension contribution or allowance in line with corporate governance best practice aligned with the rate of pension contribution available to the majority of the wider workforce. This contribution or allowance will be a non-consolidated allowance and will not impact any incentive calculations.

Maximum opportunity
The maximum value of the pension contribution allowance is in line with the rate of employer pension contribution available to the majority of the wider workforce (currently this is 3.0% of salary).

Performance conditions and recovery provisions
No performance or recovery provisions applicable.

Element of remuneration and link to strategy: Benefits

Provides a minimum level of benefits to support a low fixed cost and a performance-based Remuneration Policy.

Operation

Benefits may include (but are not limited to) provision of a car and coverage of its cost (including business fuel costs), car allowance, membership of any private health insurance or medical scheme operated by the Group (including eligibility for spouse/civil partner and dependent children), death in service life assurance, subsistence expenses, mobile telephone expenses and staff discounts.

Executive Directors may participate in any all-employee plans on the same basis as other colleagues up to HMRC approved limits.

The Committee may introduce other benefits if it is considered appropriate to do so taking into account the approach used for the wider workforce.

Executive Directors shall be reimbursed for all reasonable expenses and the Company may settle any tax incurred.

Where an Executive Director is required to relocate to perform their role, appropriate one-off or ongoing benefits may be provided (e.g. housing, schooling etc).

Maximum opportunity

The maximum value is the cost of providing the relevant benefits.

Performance conditions and recovery provisions

No performance or recovery provisions applicable.

Element of remuneration and link to strategy: Annual bonus

The Annual Bonus Plan provides a significant incentive to the Executive Directors linked to achievement in delivering goals that are closely aligned with the Company's strategy and the creation of value for shareholders.

In particular, the Annual Bonus Plan supports the Company's objectives allowing the setting of annual targets based on the business' strategic objectives at that time, meaning that a wider range of performance metrics can be used that are relevant and achievable.

Operation

The performance period is normally one financial year with payout determined by the Remuneration Committee following the year-end, normally based on the achievement against a range of performance targets.

Two-thirds of the bonus award will normally be paid out in cash with the further one-third normally deferred into shares subject to a three-year vesting period. Deferred shares will be in the form of conditional awards or nil-cost options. There are no further performance targets on the deferred amount.

Participants may be entitled to dividends or dividend equivalents (where applicable) on the deferred share awards to the extent they vest representing the dividends paid during the deferral period.

Maximum opportunity

The Remuneration Committee will determine the maximum annual participation in the Annual Bonus Plan for each year, which will not exceed 150% of salary.

Normally 20% of the maximum annual bonus pays out for threshold performance with 50% of the maximum bonus paying out for on-target performance. The Committee retains discretion to vary these percentages if considered appropriate in the circumstances.

Performance conditions and recovery provisions

The specific performance measures, underpins, targets and weightings may vary from year to year in order to align with the Group's strategy over each year. The measures may include financial and non-financial measures. However, at least 50% of the awards will be linked to financial measures.

The measures will be dependent on the Group's goals over the year under review and directly link to the key measurable strategic milestones to incentivise Executive Directors to focus on the execution of the strategy. The performance targets will be calibrated each year to align with the announced strategic plan.

The Remuneration Committee retains discretion in exceptional circumstances to change performance measures, underpins and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, underpins, weightings and targets are no longer appropriate.

Discretion may also be exercised in cases where the Remuneration Committee believes that the bonus does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement the Committee may take into account such factors as the Committee considers relevant. The exercise of this discretion may result in a downward or upward movement in the amount of bonus earned resulting from the application of the performance measures and underpins.

Any adjustments or discretion applied by the Remuneration Committee will normally be fully disclosed in the following year's Remuneration Report.

The actual performance targets set will not normally be disclosed at the start of the financial year, as they are considered to be commercially sensitive. These will be reported and disclosed retrospectively at the end of the year in order for shareholders to assess the basis for any bonus outcomes.

The Annual Bonus Plan contains malus and clawback provisions.

Element of remuneration and link to strategy: Long Term Incentive Plan
Awards are designed to incentivise the Executive Directors over the longer term to successfully implement the Group's strategy.

Operation

Under the Long Term Incentive Plan (LTIP), the Remuneration Committee may award annual grants of performance share awards in the form of conditional awards or nil-cost options.

LTIP awards will normally vest three years from the date of grant subject to the achievement of the performance measures.

A two-year holding period will normally apply following the three-year vesting period for LTIP awards granted to the Executive Directors. Upon vesting, sufficient shares can be sold to pay tax.

Participants may be entitled to dividends or dividend equivalents (where applicable) on the LTIP shares representing the dividends paid during the vesting and holding period.

Maximum opportunity

Maximum value of 200% of salary per annum based on the market value at the date of grant set in accordance with the rules of the LTIP. The maximum value of the LTIP awards in exceptional circumstances (such as on recruitment) will be 250% of salary.

20% of the award will normally vest for threshold performance and 100% of the award will vest for maximum performance. The Remuneration Committee retains discretion to vary these percentages if considered appropriate in the circumstances.

Performance conditions and recovery provisions

Awards vest based on performance against stretching targets, normally measured over a three-year performance period. The Remuneration Committee will review and set weightings and targets for each grant to ensure they remain appropriate.

The Remuneration Committee may change the balance of the measures, or use different measures for subsequent awards, as appropriate. Where material changes are made to the type of performance conditions it would be the Committee's intention to consult with shareholders.

The Remuneration Committee retains discretion in exceptional circumstances to change performance measures and targets and the weightings attached to performance measures part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate.

Discretion may also be exercised in cases where the Remuneration Committee believes that the vesting outcome does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement the Remuneration Committee may take into account such factors as the Remuneration Committee considers relevant. The exercise of this discretion may result in a downward or upward movement in the amount of the LTIP vesting resulting from the application of the performance measures.

Any adjustments or discretion applied by the Remuneration Committee will normally be fully disclosed in the following year's Directors' Remuneration Report.

Details of the performance conditions for grants made in the year will be set out in the Annual Report on Remuneration and for future grants in the section headed Implementation of Remuneration Policy, in the future financial year.

The LTIP contains clawback and malus provisions.

Choice of performance measures and targets

The performance measures selected for the annual bonus and LTIP awards are set on an annual basis by the Committee, to ensure that they remain appropriate to reflect the priorities for the Company in the year ahead. For FY23, the annual bonus is based on Adjusted EBIT performance, which was selected by the Remuneration Committee to reflect the successful delivery of a number of KPIs; revenue, sales growth and EBITDA. The performance measures for the FY23 LTIP award will be based on Adjusted EPS and Return on Capital Employed, which were selected by the Remuneration Committee to reflect the successful delivery of a number of KPIs over the longer term; revenue, sales growth, capital efficiency and profit. The targets for the performance measures are set taking into account a number of factors, including the Company's annual operating plan, strategic priorities, the economic environment and market conditions and expectations.

Discretion within the Remuneration Policy

The Remuneration Committee has discretion in several areas of the Remuneration Policy as set out in this document. The Remuneration Committee may also exercise operational and administrative discretions under relevant plan rules as set out in those rules (see 'Operation of incentive plans' below). In addition, the Remuneration Committee has the discretion to amend the Remuneration Policy with regard to minor or administrative matters where it would be, in the opinion of the Remuneration Committee, disproportionate to seek or await shareholder approval.

Operation of incentive plans

The Remuneration Committee will operate all incentive plans according to the rules of each respective plan and the discretions contained therein. The discretions cover aspects such as the timing of grant and vesting of awards, determining the size of the award (subject to the Remuneration Policy limits), the treatment of leavers, retrospective adjustment of awards (e.g. for a rights issue, a corporate restructuring or for special dividends) and, in exceptional circumstances, the discretion to adjust previously set targets for an incentive award if events happen which cause the Remuneration Committee to determine that it would be appropriate to do so. In exercising such discretions, the Remuneration Committee will take into account generally accepted market practice, best practice guidelines, the provisions of the UK Listing Rules and the Company's approved Remuneration Policy.

In exceptional circumstances, the Remuneration Committee retains the discretion to:

- Change the performance measures and targets and the weighting attached to the performance measures and targets part-way through a performance period if there is a significant and material event which causes the Remuneration Committee to believe the original measures, weightings and targets are no longer appropriate
- Make downward or upward adjustments to the amount of bonus or LTIP shares earned resulting from the application of the performance measures, if the Remuneration Committee believe that the bonus or LTIP outcomes do not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period, or that such payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When making this judgement the Committee may take into account such factors as the Committee considers relevant

Legacy arrangements

The Remuneration Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Remuneration Policy, where the terms of the payment were agreed: (i) before the Remuneration Policy set out came into effect, provided that the terms of the payment were consistent with any shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company (or other persons to whom the Remuneration Policy set out above applies) and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director of the Company or such other person. For these purposes, 'payments' includes the Remuneration Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than at the time the award is granted.

This Policy applies equally to any individual who is required to be treated as a Director, under the applicable regulations.

Minimum shareholding guideline

The Remuneration Committee has adopted formal shareholding guidelines that will encourage the Executive Directors to build up over a five-year period and then subsequently hold a shareholding equivalent to a percentage of salary. This Policy ensures that the interests of Executive Directors and those of shareholders are closely aligned. The minimum shareholding guideline for Executive Directors is 200% of salary. The Remuneration Committee retains the discretion to increase the shareholding requirements.

In addition, a post-cessation minimum shareholding guideline will apply to Executive Directors who step down from the Board. Leavers will have a requirement to hold 100% of their pre-cessation shareholding guideline for 24 months from the date they step down from the Board. In the event that a leaver has not met the relevant shareholding requirement at the point of stepping down from the Board then they would be required to retain their full pre-cessation shareholding for the 24-month period.

Recruitment Policy
The Group's approach is that the remuneration of any new recruit will be assessed in line with the same principles as for the current Executive Directors. The Remuneration Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Remuneration Committee will have regard to guidelines and shareholder sentiment as well as giving consideration for the appropriateness of any award.

The Group's detailed policy when setting remuneration for the appointment of new Executive Directors is summarised below:

Remuneration element: Salary, benefits and pension
These will normally be set in line with the Policy outlined above.
Remuneration element: Annual bonus
The Executive Director will be eligible to participate in the Annual Bonus Plan as set out in the Remuneration Policy table. The maximum level of bonus opportunity that may be offered is 150% of base salary consistent with that of existing Executive Directors.
Remuneration element: LTIP
The Executive Director will be eligible to participate in the LTIP as set out in the Remuneration Policy table. The maximum level of variable award that may be offered is 250% of base salary in exceptional circumstances for the year of recruitment. The normal maximum award level is 200% of salary.
Remuneration element: Maximum variable remuneration
The maximum level of variable remuneration which may be offered in the year of recruitment is 400% of salary. The normal ongoing maximum is 350% of salary.
Remuneration element: 'buy out' of incentives forfeited on cessation of employment
The Remuneration Committee's does not provide replacement awards as a matter of course. However, should the Remuneration Committee determine that the individual circumstances of recruitment justified the provision of compensatory payments or awards then, where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of appointment, the Remuneration Committee may offer compensatory payments or awards, in such form as the Remuneration Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining any such 'buyout', the guiding principle would be that awards would generally be on a 'like-for-like' basis unless this is considered by the Remuneration Committee not to be practical or appropriate.
Remuneration element: Relocation policies
In instances where a new Executive Director is required to relocate or spend significant time away from their normal residence, the Company may provide assistance with relocation (either via one-off or ongoing payments or benefits). The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance and schooling.

Where an existing colleague is promoted to the Board, the Remuneration Policy would apply from the date of promotion but there would be no retrospective application of the Remuneration Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing colleague would be honoured and form part of the ongoing remuneration of the person concerned. Where required, these would be disclosed to shareholders in the Remuneration Report for the relevant financial year.

When setting fees for the appointment of new Non-Executive Directors, the same arrangements applies as to the current Non-Executive Directors.

Service contracts and letters of appointment
The Remuneration Committee's policy for setting notice periods is that a six-month period will apply for Executive Directors unless the Remuneration Committee determines that 12 months would be more appropriate in the circumstances. The Remuneration Committee may in exceptional circumstances, arising on recruitment allow a longer period, which would in any event reduce to either six or 12 months following the first year of employment. The Non-Executive Directors of the Company do not have service contracts.

The Non-Executive Directors are appointed by letters of appointment. Each Non-Executive Director's term of office runs for a three-year period. The

Company follows the Code's recommendation that all directors of FTSE 350 companies be subject to annual reappointment by shareholders.

Service agreements

The table below summarises the service contracts for Executive Directors.

Director	Date of contract	Notice period
Brian Duffy (CEO)	28 May 2019	6 months
Bill Floydd (CFO)	1 January 2022	6 months

Letters of appointment

The Non-Executive Directors do not have service contracts but do have letters of appointment which reflect their responsibilities and commitments.

Name	Date of contract	Date of contract renewal	Notice period
Ian Carter (Chair)	1 November 2020	n/a	3 months
Tea Colaianni	7 May 2019	7 May 2022	3 months
Robert Moorhead	7 May 2019	7 May 2022	3 months
Rosa Monckton MBE	7 May 2019	7 May 2022	3 months
Chabi Nouri	1 May 2022	n/a	3 months

Contracts and letters of appointments will be available for shareholders to view at the Company's AGM on 1 September 2022 and are available for inspection at the Company's office.

Loss of office

When determining any loss of office payment for a departing Executive Director, the Remuneration Committee will always seek to minimise the cost to the Group while complying with contractual terms and seeking to reflect the circumstances in place at the time.

The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an executive Director's office or employment.

Element: General
The Remuneration Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement. There is no agreement between the Company and its Directors or colleagues providing for compensation for loss of office or employment that occurs because of a takeover bid. The Remuneration Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising regarding the termination of an Executive Director's office or employment. The Remuneration Committee may agree that the Group will pay for the provision of outplacement support and the reasonable fees for a departing director to obtain independent legal advice in relation to their termination arrangements and nominal consideration for any agreement to introduce contractual terms protecting the Company's rights following termination.

Element: Salary, benefits and pension
These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.

Element: Annual bonus – cash awards

Good leaver reason

Performance conditions will normally be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year.

Other reason

No bonus will be payable for year of cessation.

Discretion

The Remuneration Committee has the following elements of discretion:

- To determine that an Executive Director is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders
- To determine whether to pro-rate the bonus for time. The Remuneration Committee's normal policy is that it will pro-rate for time. It is the Remuneration Committee's intention to only use discretion to not pro-rate in exceptional circumstances where there is an appropriate business case which will be explained in full to shareholders

Element: Annual bonus – deferred share awards

Good leaver reason
All subsisting deferred share awards will vest.

Other reason
Lapse of any unvested deferred share awards.

Discretion
The Remuneration Committee has the following elements of discretion:

- To determine that an Executive Director is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders
- The Remuneration Committee's normal policy is that the deferred share award vests at the end of the original performance period but it retains discretion to allow for vesting at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation
- To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will not pro-rate awards for time. The Remuneration Committee will determine whether or not to pro-rate based on the circumstances of the Executive Director's departure

Element: LTIP

Good leaver reason
Pro-rated for time and performance in respect of each subsisting LTIP award.

Other reason
Lapse of any unvested LTIP awards.

Discretion
The Remuneration Committee has the following elements of discretion:

- To determine that an executive is a good leaver. It is the Remuneration Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders
- To measure performance over the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation
- The Committee's normal policy is that the LTIP award vests at the end of the original performance period but it retains discretion to allow for vesting at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation
- To determine whether the holding period will apply including whether in full or in part
- To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in exceptional circumstances where there is an appropriate business case which will be explained in full to shareholders

Change of control

The following treatment will apply on a change of control of the Company as defined in the relevant plan rules.

Element: Annual bonus – cash awards

Pro-rated for time and performance to the date of the change of control.

The Remuneration Committee has discretion regarding whether to pro-rate the bonus for time. The Remuneration Committee's normal policy is that it will pro-rate the bonus for time. It is the Remuneration Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case.

Element: Annual bonus – deferred share awards

Subsisting deferred share awards will vest on a change of control.

Element: LTIP

The number of shares subject to subsisting LTIP awards will vest on a change of control, pro-rated to time and performance.

The Remuneration Committee has discretion regarding whether to pro-rate the LTIP awards for time. The Remuneration Committee's normal policy is that it will pro-rate the LTIP awards for time. It is the Remuneration Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case.

Definition of 'good leaver' under the Group's incentive plans
A good leaver reason is defined as cessation in the following circumstances:

- Death
- Redundancy
- Ill-health
- Retirement (in agreement with the Company)
- Injury or disability
- Employing company ceasing to be a Group company
- Transfer of employment to a company which is not a Group company
- Any reason permitted by the Remuneration Committee in its absolute discretion in any particular case except where termination is for dishonesty, fraud, misconduct or other circumstances justifying summary dismissal

Cessation of employment in circumstances other than those set out above is cessation for other reasons.

Malus and clawback

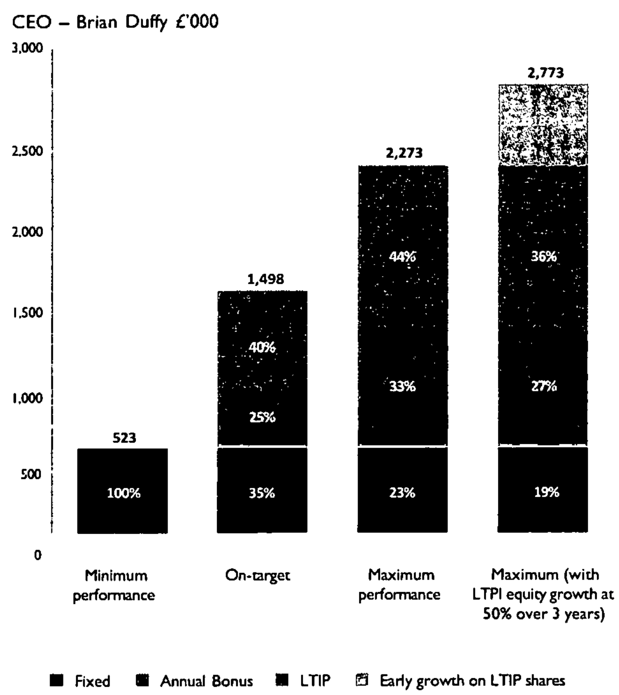
Element: Annual bonus – cash awards
Malus will apply up to the date of the bonus payment and clawback will apply for a period of two years post the bonus payment.
Element: Annual bonus – deferred share awards
Malus will apply during the share deferral period.
Element: LTIP
Malus will apply during the vesting period and clawback will apply for a period of two years post-vesting.

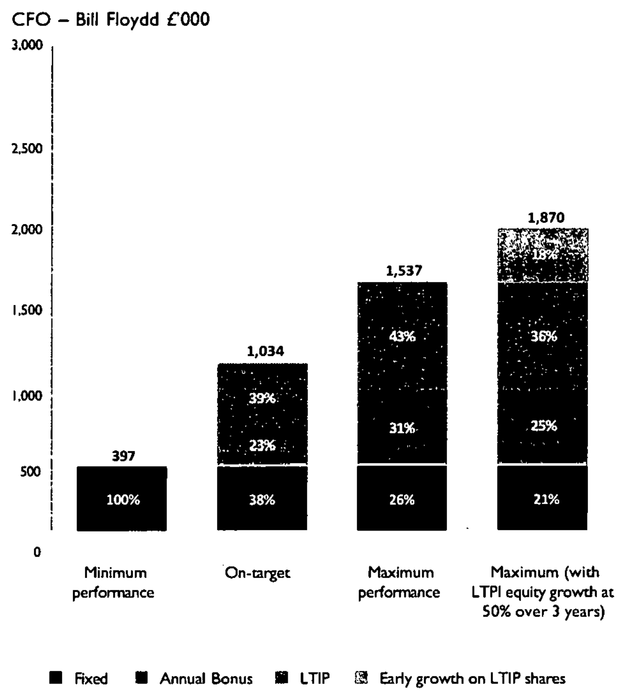
The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or Company
- The assessment that any performance condition or condition in respect of the annual bonus or LTIP award was based on error, or inaccurate or misleading information
- The discovery that any information used to determine the annual bonus or LTIP award was based on error, or inaccurate or misleading information
- Action or conduct of a participant which amounts to fraud or gross misconduct
- Events or the behaviour of a participant have led to the censure of the Company or Group by a regulatory authority or have had a significant detrimental impact on the reputation of the Group or Company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant
- A material failure of risk management
- Corporate failure

Remuneration scenario charts

The charts below seek to demonstrate how pay varies with performance for the Executive Directors based on the stated Remuneration Policy. The charts show an estimate of the remuneration that could be received by Executive Directors under the Remuneration Policy set out in this document. Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus and the LTIP. The charts indicate that a significant proportion of both target and maximum pay is performance related.





Assumptions for the scenario charts

Element: Fixed pay

- Base salary of £500,000 for CEO and £380,000 for CFO
- No pension for CEO and 3% of base salary for CFO
- Benefits as disclosed in the single total figure of remuneration for FY22

Element: Annual bonus

Minimum
None

On-target
50% of maximum award

Maximum
100% of maximum award

Element: LTIP

Minimum
None

On-target
60% of maximum award

Maximum
100% of maximum award

External appointments

Executive Directors are permitted to accept external, non-executive appointments with the prior approval of the Board where such appointments are not considered to have an adverse impact on their role within the Group. The Executive Directors may retain fees paid for these services, which will be subject to approval by the Board. Neither Brian Duffy nor Bill Floydd currently have any external appointments.

Non-Executive Director Remuneration Policy

Non-Executive Directors are paid fees at a level sufficient to attract individuals of the calibre and qualifications required to manage the business of the Group effectively. Fees are set at levels appropriate to the size and complexity of the organisation, the time commitment required, and the qualifications and experience of the individual appointed.

Element of remuneration and link to strategy
Core element of remuneration set at a level sufficient to attract and retain individuals with appropriate knowledge and experience in organisations of broadly similar size and complexity.
Operation The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Committee is responsible for setting the Chair of the Board's fees. Non-Executive Directors are paid an annual fee and additional fees for chairship of committees, the role of Senior Independent Director (SID) and membership of committees. The Chair of the Board receives a fee but does not receive any additional fees for membership of Committees. Fees are reviewed annually based on equivalent roles in the comparator group used to review salaries paid to the Executive Directors. Changes to fees are normally effective from the beginning of the relevant financial year. Non-Executive Directors and the Chair of the Board do not participate in any variable remuneration or benefits arrangements with the exception of the staff discount offered to colleagues. Additional fees may be paid to reflect additional Board or Committee responsibilities or time commitment (such as travel) as appropriate. Reasonable costs in relation to travel and accommodation for business purposes are reimbursed to the Chair of the Board and Non-Executive Directors. The Company may meet any tax liabilities that may arise on such expenses. Additional benefits may be introduced if considered appropriate taking into account the approach for the wider workforce.
Maximum opportunity The fees for Non-Executive Directors and the Chair of the Board are broadly set at a competitive level against the comparator group. In general the level of fee increase for the Non-Executive Directors and the Chair of the Board will be set taking account of any change in responsibility and will take into account the general rise in salaries across the UK workforce. However, the Board/Remuneration Committee Chair may determine larger increases in circumstances such as but not limited to if there is a material change in the size and responsibilities of the role (including as a result of a significant change in Group size and/or complexity of operations). The Group will pay reasonable expenses incurred by the Non-Executive Directors and settle any tax incurred in relation to these. Given the increasing internationalisation of the business, we have included the option to introduce a travel allowance for the Chair and Non-Executive Directors where they are required to travel outside of their country of residence to attend board meetings. We would consider introducing this allowance should it become appropriate.

Remuneration throughout the Group

When setting the Remuneration Policy for Executive Directors, the Remuneration Committee takes into account the pay and employment conditions elsewhere within the Group. The Remuneration Committee considers factors such as Group colleagues' base salary increases (the base salary increases for Executive Directors takes into consideration base salary increases for colleagues and relevant market conditions), Group colleagues' pension plans design and contribution levels (the pension contribution for Executive Directors will not exceed the maximum contribution that can be made to the majority of the wider workforce), and the Group's remuneration principles which apply to all colleagues in the Group.

The Group seeks to remunerate in line with market salaries and benefits. Bonus arrangements are cascaded down the organisation to incentivise the achievement of Group and personal objectives. Participation in the LTIP is extended to members of the Senior Executive Team and others on a discretionary basis. The Remuneration Committee believes the Group's approach to cascading its variable incentive arrangements down the organisation is fair.

Given the geographical spread of the Group's business, the Remuneration Committee does not consider it appropriate to consult colleagues on the Remuneration Policy in operation for Executive Directors. Although we do not specifically consult colleagues on executive remuneration, we have in place a variety of colleague engagement channels which provide colleagues with an opportunity to provide feedback on any topics that interest or concern them.

Consideration of shareholder views

The Remuneration Committee carefully considered the views of our shareholders and shareholder bodies when developing the Remuneration Policy. The Company welcomes continued dialogue with its shareholders and the Remuneration Committee will consult with key shareholders prior to any significant changes to its Remuneration Policy.

DIRECTORS' REPORT

WATCHES OF SWITZERLAND GROUP PLC

Registered number: 11838443

Registered office address:
Aurum House, 2 Elland Road, Braunstone, Leicester, LE3 1TT

Country of incorporation:
England and Wales

Type: Public Limited Company

Principal activities: The principal activity of the Group is the retailing of luxury watches and jewellery.

The Directors present their report, together with the audited Consolidated Financial Statements of the Group and of the Company, for the year ended 1 May 2022. The Company has chosen in accordance with s414C (11) of the Companies Act 2006 to provide disclosures and information in relation to a number of matters which are covered elsewhere in this Annual Report and Accounts. These matters, together with those required under the 2013 Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, are cross referenced in the table opposite and together form the Directors' Report.

POST BALANCE-SHEET EVENTS

On 22 June 2022, the Group acquired the trade and assets of one showroom from Bernie Robbins Jewelers, Inc. for a cash consideration of $26,000,000. The acquisition further advances the US expansion strategy.

STATUTORY INFORMATION

Topic	Section of the report	Page
Important events impacting the business	Strategic Report	02 to 167
Financial instruments	Note 23 of the Consolidated Financial Statements	272
Colleague disabilities	Environment, Social and Governance	124
Modern Slavery Statement	Environment, Social and Governance	150
Greenhouse gas emissions, energy consumption and energy-efficient action	Environment, Social and Governance	146
Carbon reporting	Environment, Social and Governance	146
Risk Management	Risk Management	156
S172 Companies Act 2006	Strategic Report	116

INFORMATION REQUIRED BY LR 9.8.4(R)

Topic	Section of the report	Page
Directors' interests in shares	Remuneration Committee Report	211
Going concern	Going Concern and Viability Statement	166
Long term incentive schemes	Remuneration Committee Report	209

INFORMATION REQUIRED BY DTR 7.2

Topic	Section of the report	Page
Corporate Governance Statement 2022	Corporate Governance Report	173

INFORMATION REQUIRED BY DTR 4.1.11R

Topic	Section of the report	Page
Likely future developments	Strategic Report	82 to 94

INFORMATION REQUIRED BY SCH 7.11(1)(B) COMPANIES (MISCELLANEOUS REPORTING) REGULATIONS 2018

Statement of Engagement with Colleagues

The Group has chosen to provide information in relation to the Statement of Engagement with Colleagues elsewhere in this report. This is cross referenced in the table below:

Information	Section of the report	Page
How the Directors engage with colleagues	Section 172(1) Statement Board activity	116
How the Group provides colleagues with information on matters of concern to them as colleagues	Environment, Social and Governance	123
How the Group consults with and considers colleague feedback	Environment, Social and Governance	123
How the Directors have had regard to colleagues' interests	Environment, Social and Governance Board activity	123, 176 to 178
Non-Financial Information Statement	Non-Financial Information Statement	115

Business relationships

Information	Section of the report	Page
Foster the Company's business relationships	Section 172(1) Statement	116
Principal decisions affecting suppliers, clients and others taken by the Company during the financial year	Section 172(1) Statement Board activity	116 176 to 178

DTR 4.1.8

The Strategic Report and the Directors' Report (or parts thereof), together with sections of this Annual Report and Accounts incorporated by reference, are the Management Report for the purposes of DTR 4.1.8.

ARTICLES OF ASSOCIATION

In accordance with the Companies Act 2006, the Articles of Association (the 'Articles') may only be amended by a special

AGM
The 2022 AGM of the Company will be held at 2.30pm on 1 September 2022, at our offices at 36 North Row, London W1K 6DH. The Notice of AGM is given, together with explanatory notes, in the booklet which accompanies this Annual Report and Accounts.

BOARD OF DIRECTORS
Ian Carter
Brian Duffy
Bill Floydd – Appointed 1 January 2022
Tea Colaianni
Robert Moorhead
Rosa Monckton MBE
Chabi Nouri – Appointed 1 May 2022
Anders Romberg – Resigned 1 January 2022

Full biographies of the Directors of the Company for the year under review can be found on pages 182 to 183, other than Anders Romberg.

Details of Directors' beneficial and non-beneficial interests in the shares of the Company are shown on page 211. Details of share awards are found in the Remuneration Report on page 211.

APPOINTMENT AND REMOVAL OF A DIRECTOR
The appointment, reappointment and replacement of Directors is governed by the Articles, the Code, the Companies Act 2006 and related legislation. The Code recommends that all Directors of publicly listed companies stand for election every year. At the 2021 AGM, all members of the Board stood for re-election and were duly elected. Bill Floydd and Chabi Nouri are offering themselves for election at the 2022 AGM, which is the first AGM following their appointments. All the other Directors are offering themselves for re-election as they did last year. The Board is satisfied that each Independent Non-Executive Director offering themselves for re-election is independent in both character and judgement, and that their experience, knowledge and other business interests enable them to contribute significantly to the work and balance of the Board.

A Director may be appointed to the Board by:

(i) Ordinary resolution of the shareholders
(ii) Board approval following recommendation by the Nomination Committee
(iii) Ordinary resolution if the Director chooses to seek re-election at a general meeting

In addition, the Directors may appoint a Director to fill a vacancy or as an additional Director, provided that the individual retires at the next AGM; if they are to continue, they must offer themselves for election. A Director must vacate office in certain circumstances as set out in the Company's Articles and may be removed by ordinary resolution provided special notice of that resolution has been given.

POWERS OF THE DIRECTORS
Subject to the Articles, the Companies Act 2006 and any directions given by the Company by special resolution and any relevant statutes and regulations, the business of the Company will be managed by the Board which may exercise all the powers of the Company. Specific powers relating to the allotment and issuance of ordinary shares and the ability of the Company to purchase its own securities are also included within the Articles, and such authorities may be submitted for approval by the shareholders at the AGM each year.

DIRECTORS' INTERESTS AND CONFLICTS OF INTEREST
The Directors' interests in, and options over, ordinary shares in the Company are shown in the Directors' Remuneration Report on Remuneration on page 211. In line with the requirements of the Companies Act 2006, Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of the Company unless that conflict is first authorised by the Board. The Company has procedures in place for managing conflicts of interest. The Company's Articles contain provisions to allow the Directors to authorise potential conflicts of interest, so that if approved, a Director will not be in breach of his/her duty under company law. In line with the requirements of the Companies Act 2006, each Director has notified the Company of any situation in which he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict). Directors have a continuing duty to update any changes to their conflicts of interest and a note is then made of that update.

During the year the conflict of interests' procedures operated effectively.

DIRECTORS' INDEMNITIES
Directors' and Officers' insurance has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of s236 of the Companies Act 2006. This indemnity contains provisions that are permitted by the director liability provisions of the Companies Act 2006 and the Company's Articles.

DIRECTORS' STATEMENT OF RESPONSIBILITY IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS
The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the profit or loss of the Group for the financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK adopted international accounting standards and have elected to prepare the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 (The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland) and the Companies Act 2006.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Annual Report and Accounts, the Directors are required to: –

Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (or in respect of the Parent Company Financial Statements, Section 10 of FRS 102) and then apply them consistently

– Make judgements and accounting estimates that are reasonable and prudent
– Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
– Provide additional disclosures when compliance with the specific requirements in IFRSs (or in respect of the Parent Company Financial Statements, FRS 102) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance

– For the Group Financial Statements, state whether International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
– For the Parent Company Financial Statements, state whether applicable UK accounting standards, FRS 102, have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements
– Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Each of the Directors, whose names and functions are listed on pages 182 to 183 confirms that, to the best of their knowledge:

– That the Group Financial Statements, which have been prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
– That the Annual Report and Accounts 2022, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
– That they consider the Annual Report and Accounts 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy

COMPANY SECRETARY
Laura Battley is the Company Secretary of the Watches of Switzerland Group PLC and its UK group subsidiaries who can be contacted via the Company's Registered Office.

AUDITOR REAPPOINTMENT
Having been appointed as the External Auditor in 2019, Ernst & Young LLP has expressed its willingness to continue in its capacity as independent External Auditor of the Company. The Directors are recommending a resolution in favour of this reappointment and a resolution for authorisation of Auditor remuneration at the forthcoming AGM.

DISCLOSURE OF INFORMATION TO THE AUDITOR
In accordance with Section 418(2) of the Companies Act 2006, each Director in office at the date the Directors' Report is approved confirms that:

i. So far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware
ii. He/she has taken all the steps that he/she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information

DIVIDENDS
The Directors do not recommend the payment of a dividend.

POLITICAL DONATIONS
The Group made no political donations and incurred no political expenditure during the year.

SHARE CAPITAL AND SHAREHOLDER VOTING RIGHTS
The share capital of the Company at 1 May 2022 was as follows:

	2022 number of shares	2022 nominal value £
Allotted, called up and fully paid ordinary shares of £0.0125 each	239,570,297	£2,994,629

All shareholders are entitled to attend and speak at the general meetings of the Company, appoint proxies, receive any dividends, exercise voting rights and transfer shares without restriction. On a show of hands at a general meeting, every member present in person shall have one vote, and on a poll, every member present in person or by proxy shall have one vote for every ordinary share held. There are no known arrangements that may restrict the transfer of shares or voting rights.

During the year, 114,743 ordinary shares of £0.0125 each were issued. The shares were issued in order to satisfy the vesting of shares for participants within the Company's Share Option Plans.

Under the Company's Share Incentive Plan, Trustees hold shares on behalf of colleague participants. The Trustees will only vote on those shares, and receive dividends, should the Company pay dividends in the future, that a participant beneficially owns, in accordance with the participant's wishes.

An Employee Benefit Trust also operates which has discretion to vote on any shares it holds as it sees fit, except any shares participants own beneficially, in which case the Trustee will only vote on such shares as per a participant's instructions. The Trustee of the Employee Benefit Trust has waived its right to dividends on all shares within the Trust.

The Company is not aware of any other dividend waivers or voting restrictions in place.

RESTRICTIONS ON THE TRANSFER OF SECURITIES

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. However, restrictions are imposed by laws and regulations such as the prohibition on insider trading and the requirements of the Listing Rules whereby PDMR's dealings need to be approved. The Company has adopted a Share Dealing Code to regulate PDMR dealings and has extended the scope of that Code to include certain other colleagues.

AUTHORITY TO ALLOT SHARES

Under the Companies Act 2006, the Directors may only allot shares if authorised to do so by the shareholders in a general meeting.

SHAREHOLDER AUTHORITY TO PURCHASE OWN SHARES

At the Company's 2021 AGM, the Company's shareholders passed a shareholder resolution granting the Company authority to purchase its own shares pursuant to sections 693 and 701 of the Companies Act 2006.

The authority is limited to an aggregate maximum number of 23,957,029 ordinary shares, representing 10% of the Company's issued share capital, excluding treasury shares. The maximum price which may be paid for an ordinary share will be an amount which is not more than the higher of (i) 5% above the average of the middle market quotation for an ordinary share as derived from the London Stock Exchange Plc's Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out (in each case, exclusive of expenses).

The authority shall, unless varied, revoked or renewed, expire at the end of the Company's 2022 AGM or, if earlier, at close of business on 31 December 2022. To date, the Directors have not exercised any of the powers conferred by this resolution.

USE OF FINANCIAL INSTRUMENTS

Information regarding the Company's use of financial instruments, financial risk management objectives and policies can be found in the Risk Management section of the Strategic Report on page 156 and note 23 of the Consolidated Financial Statements.

CHANGE OF CONTROL

There are no agreements between the Company and its Directors or colleagues providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) by reason of a takeover bid.

Details concerning the impact on annual bonus (cash and deferred share awards) and LTIPs held by Directors and Senior Management in the event of a change of control are set out in the Remuneration Policy which was approved by shareholders at the AGM in 2019. Generally, the cash element of annual bonus and any LTIPs would be pro-rated for time and performance in the event of a change of control. The deferred share element of annual bonus will vest on a change of control. The Remuneration Committee does have the discretion not to pro-rate for time, however, its normal policy is to pro-rate. The Remuneration Committee discretion not to pro-rate would only be used if there were a business case which would be fully explained to shareholders. A new Remuneration Policy is being put to shareholders at the 2022 AGM. The new policy makes no changes with regard to the change of control provisions.

Various agreements that the Group has entered into with third parties, including key distribution agreements with luxury watch and jewellery brands, lease agreements, as well as contracts with third party service providers, provide such parties with a right to terminate the agreement in the event of a change of control.

The £170 million Multicurrency Term and Revolving Facility Agreement entered into on 15 May 2019, includes certain customary mandatory prepayment and cancellation events, including mandatory prepayments on a change of control of Jewel UK Midco Limited if a lender so requests after a period of negotiations.

SIGNIFICANT SHAREHOLDERS AND INTEREST IN VOTING RIGHTS

The table at the bottom of the page shows the notifiable interests in the Company's ordinary issued share capital, as at 1 May 2022, as notified in accordance with the provisions of DTR 5.1.2R representing 3% or more of the Company's issued ordinary share capital.

It should be noted that these holdings may have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Notifiable interest	Voting Rights	% of capital disclosed	Nature of holding as per disclosure
BlackRock Inc	17,744,328	7.41	– Indirect interest 7.4% – Securities Lending 0.01% – CFD 1.91%
Aggregate of Standard Life Aberdeen plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios	17,341,662	7.24	– Indirect interest 7.24%
The Capital Group Companies	12,169,342	5.08	– Indirect interest 5.08%
J P Morgan Asset Management Holdings Inc	12,048,305	5.03	– Indirect interest 5.03%
Ameriprise Financial Inc and its group (Threadneedle Asset Management Limited)	11,876,662	4.96	– Indirect interest 5.03%
Pelham Capital Ltd	11,948,369	4.99	– Direct interest 4.99%
Aegon Asset Management UK PLC	7,374,274	3.08	– Direct interest 1.53% – Indirect interest 1.49% – CFD 0.06%
Brian Duffy	7,696,999	3.21	– Direct interest 3.06% – Indirect interest 0.15%

In the period from 1 May 2022 to the date of this Report, we received no further notifications.

TRANSACTIONS WITH RELATED PARTIES

Refer to note 24 on page 274 of the Consolidated Financial Statements for details of related party transactions in the year.

APPROVAL OF THE ANNUAL REPORT AND ACCOUNTS

The Strategic Report on pages 02 to 167 and the Directors Report on pages 224 to 227 and the Corporate Governance Report were approved by the Board on 6 July 2022.

Approved by the Board and signed on its behalf.

LBattley

LAURA BATTLEY
COMPANY SECRETARY
6 July 2022

3 FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATCHES OF SWITZERLAND GROUP PLC

OPINION

In our opinion:

– Watches of Switzerland Group PLC's Group Financial Statements and Parent Company Financial Statements (the 'Financial Statements') give a true and fair view of the state of the Group's and of the parent company's affairs as at 1 May 2022 and of the Group's profit for the year then ended;

– the Group Financial Statements have been properly prepared in accordance with UK adopted international accounting standards;

– the parent company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

– the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Watches of Switzerland Group PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 1 May 2022 which comprise:

Group	Parent company
Consolidated Balance Sheet as at 1 May 2022	Balance Sheet as at 1 May 2022
Consolidated Income Statement for the 52-week period then ended	Statement of Changes in Equity for the 52-week period then ended
Consolidated Statement of Comprehensive Income for the 52-week period then ended	Related notes C1 to C8 to the Financial Statements including a summary of significant accounting policies
Consolidated Statement of Changes in Equity for the 52-week period then ended	
Consolidated Statement of Cash Flows for the 52-week period then ended	
Related notes 1 to 27 to the Financial Statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group and parent in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

– Obtaining management's going concern assessment, which covers the period to 31 October 2023, and which includes details of facilities available, forecast covenant calculations, and the results of management's downside sensitivity scenarios;

– Testing management's model for clerical accuracy;

– Understanding and assessing the design effectiveness of controls over the Directors' going concern assessment and management's forecasting process;

– Obtaining the agreements in respect of the Group's financing arrangements and confirming the maturity and covenants that are required to be met within the going concern assessment period;

– Challenging the reasonableness of forecasts and key assumptions underpinning the going concern model, which are based on the Board approved budget and Long Range Plan, through assessing changes from the prior period, making enquiries, ensuring the forecast appropriately reflect the Group's climate change commitments, comparing to external forecasts in the luxury goods sector and considering whether there was any indication of management bias, including consideration of any contrary indicators;

– Analysing the historical accuracy of budgets to determine whether forecast cash flows are reliable based on past experience;

– Comparing management's forecasts to actual results through the subsequent events period and performing enquiries to the date of this Report;

– Reperforming forecast covenant calculations and comparing to the requirements under the facilities;

– Assessing the Group's plausible but severe downside scenarios, which factor in the potential effect of a reduction in sales due to reduced consumer confidence and lower disposable income as a result of the cost of living crisis or a repeat of the FY21 COVID-19 impact on the ability of stores to trade modelled without Government support. This included challenging the assumptions and whether the quantum of the impact of the downside scenarios are sufficiently severe;

– Challenging whether there are any additional plausible but severe downside scenarios which should be considered by comparing to the Group's principal risks;

– Assessing mitigating factors available to management should downside scenarios be worse than anticipated, including challenging whether these are realistic and controllable;

– Assessing the reverse stress tests used by the Directors to determine the risk to liquidity and covenant compliance, including recalculating the level of sales and EBITDA reduction that would be required before liquidity and covenants are breached and assessing the likelihood of this scenario occurring;

– Enquiring of management as to their knowledge of events or conditions beyond the period of their assessment that may cast significant doubt on the entity's ability to continue as a going concern and comparing their response to our understanding from completion of our audit procedures; and

– Assessing the going concern disclosures in the Financial Statements to ensure they are in accordance with accounting standards, the Companies Act and the UK Corporate Governance Code.

Our key observation was that the Director's assessment forecasts that the Group will maintain sufficient liquidity and comply with all covenants throughout the going concern assessment period in both the base case and plausible downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern for a period from when the Financial Statements are authorised for issue to 31 October 2023.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

OVERVIEW OF OUR AUDIT APPROACH

Understanding the Watches of Switzerland business	– We have a team with strong experience of the luxury retail industry and have gained an understanding of the Group's strategy, business model and operating environment. This was achieved through enquiry, analytical procedures and observation in the current and prior periods, together with visiting a number of the Group's operations and stores. – We performed risk assessment procedures, including meetings with management and the Board, our observations from half year and interim work to identify risks of material misstatements.
Audit scope	– We performed an audit of the complete financial information of 5 (2021: 5) components. – The components where we performed full audit procedures accounted for 98.7% (2021: 97.3%) of Profit before tax and exceptional items, 99.8% (2021: 99.7%) of Revenue and 97.9% (2021: 99.1%) of Total assets.
Key audit matters	– Inventory valuation – Revenue recognition including the risk of management override – Store impairment/reversal of impairment due to changes in circumstances
Materiality	– Overall Group materiality of £6.4m (2021: £3.6m) which represents 5% of profit before tax and exceptional items.

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDIT

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each component within the Group. Taken together, this enables us to form an opinion on the consolidated Financial Statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group Financial Statements, and to ensure we had adequate quantitative coverage of significant accounts in the Financial Statements, of the 14 (2021: 13) reporting components of the Group, we selected 5 (2021: 5) components covering entities within the UK and US, which represent the principal business units within the Group.

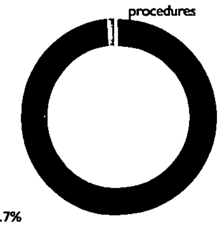
We performed an audit of the complete financial information of all 5 (2021: 5) of the principal business units ('full scope components') which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 98.7% (2021: 97.3%) of the Group's Profit before tax and exceptional items, 99.8% (2021: 99.7%) of the Group's Revenue and 97.9% (2021: 99.1%) of the Group's Total assets.

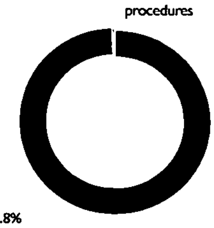
Of the remaining 9 (2021: 8) components that together represent 1.3% (2021: 2.7%) of the Group's Profit before tax and exceptional items, none are individually greater than 5% (2021: 5%) of the Group's Profit before tax and exceptional items. For these components, we performed other procedures, including analytical review and enquiry to respond to any potential risks of material misstatement to the Group Financial Statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

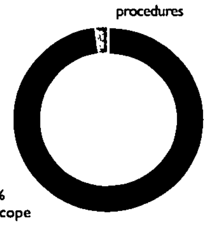
Profit before tax and exceptional items



Revenue



Total assets



Team structure

All our audit procedures were performed by the UK primary audit team, including the US component where financial reporting control and oversight is managed directly by management in the UK.

As part of the UK primary audit team we involved US colleagues to perform the US distribution centre and store physical inventory count tests as well as assist auditing US specific laws and regulations, state taxes and corporate tax. During the current year's audit cycle, visits were undertaken by the senior statutory auditor to the US component head office. These visits involved touring the distribution centre and meeting with the US finance and operations employees to understand the results and risks of the US business as well as visiting a local store.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Watches of Switzerland Group PLC. The Group has determined that the most significant future impacts from climate change on its operations will be from extreme weather events disrupting offices and distribution centres, increased office and store energy requirements for heating and cooling, the legal requirement for the fleet to be EVs in the UK and from changing consumer preferences. These are explained on pages 138 to 146 in the required Task Force for Climate related Financial Disclosures and on pages 160 to 165 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited Financial Statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in note 1 in preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 31 October 2023 nor the viability of the Group over the next three years.

Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently Financial Statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted international accounting standards. In note 11 to the Financial Statements sensitivity disclosures of the impact of reasonably possible changes in key assumptions have been provided.

Our audit effort in considering climate change was focused on inspecting management's assessment of the impact of climate risk, physical and transition, and ensuring that the effects of material climate risks disclosed on pages 141 to 145 have been appropriately reflected in management's assessment of asset values where values are determined through modelling future cash flows, being the impairment testing of store assets. Details of our procedures and findings on impairment are included in our key audit matters below. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inventory valuation – £307.0m Inventory (FY21 £226.4m) *Refer to the Audit Committee Report (page 190); and Accounting policies (page 244)* There is complexity in the application of supplier price changes and rebates. There is a further risk on inventory net realisable value ('NRV') provisioning resulting from slow moving inventory.	– We understood and assessed the design of management's key controls over the inventory valuation and provision calculation process. – We inspected the value of inventory sold at less than cost during the period to confirm stock is recorded at the lower of cost or NRV. – We tested the completeness of inventory items flagged for NRV provision through recalculation of stockturn by brand and product. – In assessing the reasonableness of managements methodology, we have considered the historical level of provisioning and subsequent utilisation and releases to determine the accuracy of prior provisions. – We recalculated the adjustment to inventory for price changes and tested on a sample basis to third party supplier invoices or independently validated price lists to ensure stock is recorded at cost. – We recalculated the adjustment to inventory for supplier rebates and for a sample of items we validated terms back to underlying agreements. – For the UK and US full scope components (100% of group inventory), we utilised data analytic procedures to map the inventory journals to cost of sales, creditors, goods received not invoiced and other relevant accounts. – Using data analytical tools, we identified material manual adjustments to inventory that do not follow the core processes such as postings for rebates, NRV and price changes for further investigation and corroboration.	Based on our procedures we consider the valuation of inventory to be appropriate. The net realisable value provision continues to be appropriate.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition including the risk of management override - £1,238.0m Revenue (FY21 £905.1m) *Refer to the Audit Committee Report (page 190); Accounting policies (page 242); and note 2 of the Consolidated Financial Statements (page 248)* Our assessment is that the majority of the Group's revenue transactions are non-complex, with no judgement applied over the amount recorded. Revenue recognition is a significant risk by presumption due to material misstatements as a result of fraudulent or erroneous financial reporting.. We assessed the revenue recognition risk in the following key areas: – Manual adjustments to revenue; – Valuation of sales returns provisions; – Accounting for customer deposits; and – Valuation of gift card provisions.	– We understood and assessed the design of management's key controls over the revenue recognition process. – We performed analytical review procedures to understand the revenue trends compared to the prior period and budget to identify areas that warrant further investigation. – For the UK and US full scope components (99.8% of group revenue), we utilised data analytic procedures to test the postings from Revenue to Cash, correlating the cash conversion of sales. – Using data analytical tools, identified material manual adjustments to revenue that do not follow the core processes such as postings for deferred revenue on deposits for further investigation and corroboration. – We challenged the provisions for returns and gift card deferred revenue, specifically we: – assessed historical returns and gift card redemption rates; – assessed the provision calculation basis compared to the prior period; – assessed actual gift card redemption and returns since the period end; and – validated provision input data. – For a sample of deposits we confirmed the existence by agreeing the receipt of the deposit to the bank statement. We also ensured the revenue was recognised in the correct accounting period by confirming the goods were collected after the period end date or if uncollected, the item was not in stock at period end. – We tested the completeness of deposits through use of data analytics procedures on store margins and deposit releases to revenue in the period.	We did not identify any evidence of management override through the use of manual journal entries. Based on our procedures in respect of deposits, returns and gift cards no material misstatements were identified.
Store impairment - £0.4m impairment reversal (FY21 £5.0m net impairment charge) *Refer to the Audit Committee Report (page 189); Accounting policies (page 244); and note 11 of the Consolidated Financial Statements (page 259)* Individual stores are cash generating units ('CGU') which should be reviewed for indicators of impairment at each reporting period end. Forecasts and discount rates used in assessing store impairment are judgmental and involve estimates of future trading which involves uncertainty. In particular, there is a risk in relation to stores where there has been a change in circumstances in the year. Also previously impaired CGU's should be reviewed for indicators of impairment reversal. Reversals are subject to the same judgements on the discount rate and estimated future trading.	– We understood and assessed the design effectiveness and implementation of and controls over the impairment indicator review and impairment test. – We have challenged the UK and US discount rates used with the assistance of EY valuation specialists which included independently determining a reasonable range as a corroboration for the appropriateness of the discount rate used by management. – We confirmed the forecasts used are in line with those approved by the Board, including the three-year plan. – We have challenged the store cashflow forecasts used by management in calculating the value in use through assessing changes from the prior period, making enquiries of management, comparing to external forecasts in the luxury goods sector and considering whether there was any indication of management bias, including consideration of any contrary indicators. – We challenged the long-term growth rates applied by comparing to external forecasts in the UK and US. – We have validated impairment test input data and arithmetical accuracy of the model. – We have assessed the process for allocating forecast cashflows to individual stores. – We independently stress tested the model's key assumptions to determine if any plausible change in assumptions would result in a material change in impairment. – We have assessed the adequacy of the disclosures in respect of the impairment reversal and the associated sensitivity of assumptions in accordance with the requirements of IAS 36.	Based on our procedures over store impairment no material misstatements were identified. We consider the store impairment reversal recognised to be materially stated and appropriately disclosed in exceptional items, consistent with where the original impairment charge was recorded. Management have appropriately included sensitivity analysis disclosures in note 11 to the Financial Statements to reflect the level of estimation uncertainty.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WATCHES OF SWITZERLAND GROUP PLC

continued

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £6.4 million (2021: £3.6 million), which is 5% (2021: 5.1%) of Profit before tax and exceptional items. We believe that Profit before tax and exceptional items provides us with an appropriate basis for setting materiality as it is a measure which is key to the users of the Financial Statements and is not distorted by exceptional items which may fluctuate from period to period.

We determined materiality for the Parent Company to be £9.3 million (2021: £9.4 million), which is 2% (2021: 2%) of Equity due to the main purpose of the entity being an investment holding company which does not trade. Where we tested balances relating to the Group Financial Statements we used the Group Materiality of £6.4 million.

STARTING BASIS	Profit before tax – £126.2m
ADJUSTMENTS	– IPO related costs – £1.5m – Acquisition related costs – £0.5m – Impairment reversal- (£0.4m)
MATERIALITY	– Totals £127.8m Profit before tax and exceptional items – Materiality of £6.4m (5% of materiality basis)

During the course of our audit, we reassessed initial materiality and trued this up to final results to reflect the full year actual profit before tax and exceptional items.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £4.8m (2021: £2.7m). We have set performance materiality at this percentage as we did not anticipate a significant level of audit differences following our FY21 audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1.0m to £4.8m (2021: £0.6m to £2.7m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.32m (2021: £0.18m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the Annual Report set out on pages 1 to 286, including the Strategic Report, the Governance Report, Glossary and shareholder information, other than the Financial Statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 166;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 166 to 167;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 166 to 167;

- Directors' statement on fair, balanced and understandable set out on page 190;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 160;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 191; and;
- The section describing the work of the Audit Committee set out on pages 188 to 193

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on pages 225 to 226, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are frameworks which are directly relevant to specific assertions in the Financial Statements are those that relate to the reporting framework (UK adopted international accounting standards, FRS 102, the Companies Act 2006 and UK Corporate Governance Code). In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the Financial Statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to GDPR, health and safety and employee matters.
- We understood how Watches of Switzerland PLC is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance matters and the Company Secretary and General Counsel. We confirmed our enquiries through our review of Board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur by meeting with management and internal audit to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk as discussed in the key audit matters section above. These procedures included testing manual journals and were designed to provide reasonable assurance that the Financial Statements were free from material fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations; reviewing internal audit reports and whistleblowing investigation reports provided to the Audit Committee; making enquiries of legal counsel, Group management, internal audit; and inspecting journal entries for evidence of non-compliance.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- Following the recommendation from the Audit Committee we were appointed by the company on 17 October 2019 to audit the Financial Statements for the period ending 26 April 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 3 years, covering the periods ending 26 April 2020 to 1 May 2022.
- The audit opinion is consistent with the additional report to the Audit Committee.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

JULIE CARLYLE (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF ERNST & YOUNG LLP, STATUTORY AUDITOR
London

6 July 2022

CONSOLIDATED INCOME STATEMENT

		52 week period ended 1 May 2022			53 week period ended 2 May 2021		
	Note	Underlying operations £m	Exceptional items* £m	Total £m	Underlying operations £m	Exceptional items* £m	Total £m
Revenue	3	**1,238.0**	**–**	**1,238.0**	**905.1**	**–**	**905.1**
Cost of sales		(1,056.7)	–	(1,056.7)	(784.3)	–	(784.3)
(Impairment)/reversal of impairment of trade receivables		–	–	–	(0.2)	0.2	–
Gross profit		**181.3**	**–**	**181.3**	**120.6**	**0.2**	**120.8**
Administrative expenses		(37.0)	(2.0)	(39.0)	(27.9)	(5.1)	(33.0)
Reversal of impairment/(impairment) of assets	5	–	0.4	0.4	(0.8)	(4.2)	(5.0)
Loss on disposal of non-current assets		(0.6)	–	(0.6)	(0.9)	–	(0.9)
Operating profit/(loss)	5	**143.7**	**(1.6)**	**142.1**	**91.0**	**(9.1)**	**81.9**
Net finance cost	7	**(15.9)**		**(15.9)**	**(18.2)**	**–**	**(18.2)**
Profit/(loss) before taxation		**127.8**	**(1.6)**	**126.2**	**72.8**	**(9.1)**	**63.7**
Taxation	8	(25.7)	0.5	(25.2)	(14.8)	1.7	(13.1)
Profit/(loss) for the financial period		**102.1**	**(1.1)**	**101.0**	**58.0**	**(7.4)**	**50.6**
Earnings Per Share	9						
Basic		**42.6p**		**42.2p**	**24.2p**		**21.1p**
Diluted		**42.4p**		**42.0p**	**24.2p**		**21.1p**

* Exceptional items have been further described in note 4.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Profit for the financial period		**101.0**	**50.6**
Other comprehensive income/(expense):			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS			
Foreign exchange gain/(loss) on translation of foreign operations excluding deferred tax		11.0	(10.4)
Deferred tax on translation of foreign operations		–	0.5
Related tax movements	8	(1.2)	1.7
		9.8	**(8.2)**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Actuarial movements on defined benefit pension scheme	20	1.4	(0.2)
Related tax movements	8	(0.2)	–
		1.2	**(0.2)**
Other comprehensive income/(expense) for the period		**11.0**	**(8.4)**
Total comprehensive income for the period		**112.0**	**42.2**

The notes on pages 241 to 276 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

	Note	1 May 2022 £m	2 May 2021 £m
ASSETS			
NON-CURRENT ASSETS			
Goodwill	10	159.7	135.4
Intangible assets	10	18.1	15.2
Property, plant and equipment	11	112.5	93.7
Right-of-use assets	12	293.6	253.7
Deferred tax assets	8	10.3	14.4
Trade and other receivables	13	2.7	0.6
		596.9	**513.0**
CURRENT ASSETS			
Inventories	14	307.0	226.4
Current tax asset		0.6	1.9
Trade and other receivables	13	19.6	9.8
Cash and cash equivalents	15	105.9	76.1
		433.1	**314.2**
Total assets		**1,030.0**	**827.2**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	(200.1)	(149.6)
Current tax liability		(2.0)	–
Lease liabilities	12	(46.7)	(38.4)
Provisions	18	(1.0)	(0.8)
		(249.8)	**(188.8)**
NON-CURRENT LIABILITIES			
Trade and other payables	16	(1.3)	(2.1)
Deferred tax liabilities	8	(0.4)	–
Lease liabilities	12	(293.9)	(263.0)
Borrowings	19	(118.6)	(117.9)
Post-employment benefit obligations	20	(0.6)	(2.6)
Provisions	18	(4.1)	(2.5)
		(418.9)	**(388.1)**
Total liabilities		**(668.7)**	**(576.9)**
Net assets		**361.3**	**250.3**
EQUITY			
Share capital	21	3.0	3.0
Share premium	21	147.1	147.1
Merger reserve	21	(2.2)	(2.2)
Other reserves	21	(6.7)	–
Retained earnings		214.3	106.4
Foreign exchange reserve		5.8	(4.0)
Total equity		**361.3**	**250.3**

The Consolidated Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:

W FLOYDD
CHIEF FINANCIAL OFFICER
Date: 6 July 2022

The notes on pages 241 to 276 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Foreign exchange reserve £m	Total equity attributable to owners £m
Balance at 27 April 2020	**3.0**	**147.1**	**(2.2)**	**–**	**47.4**	**4.2**	**199.5**
Profit for the financial period	–	–	–	–	50.6	–	50.6
Other comprehensive income	–	–	–	–	(0.2)	(9.9)	(10.1)
Tax relating to other comprehensive income	–	–	–	–	–	1.7	1.7
Total comprehensive income	**–**	**–**	**–**	**–**	**50.4**	**(8.2)**	**42.2**
Transactions with owners							
Share-based payment charge (note 22)	–	–	–	–	5.7	–	5.7
Tax on items credited to equity	–	–	–	–	2.9	–	2.9
Balance at 2 May 2021	**3.0**	**147.1**	**(2.2)**	**–**	**106.4**	**(4.0)**	**250.3**
Profit for the financial period	–	–	–	–	101.0	–	101.0
Other comprehensive income	–	–	–	–	1.4	11.0	12.4
Tax relating to other comprehensive income	–	–	–	–	(0.2)	(1.2)	(1.4)
Total comprehensive income	**–**	**–**	**–**	**–**	**102.2**	**9.8**	**112.0**
Transactions with owners							
Purchase of own shares (note 21)	–	–	–	(6.7)	–	–	(6.7)
Share-based payment charge (note 22)	–	–	–	–	3.2	–	3.2
Tax on items credited to equity	–	–	–	–	2.5	–	2.5
Balance at 1 May 2022	**3.0**	**147.1**	**(2.2)**	**(6.7)**	**214.3**	**5.8**	**361.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**101.0**	**50.6**
Adjustments for:			
Depreciation of property, plant and equipment	11	27.6	24.0
Depreciation of right-of-use assets	12	40.6	37.9
Amortisation of intangible assets	10	2.5	2.8
Impairment of right-of-use assets	12	–	1.7
(Reversal)/impairment of property, plant and equipment	11	(0.4)	3.4
(Gain)/loss on lease disposal	12	(0.1)	0.2
Loss on disposal of property, plant and equipment	11	1.5	0.4
Loss on disposal on intangibles	10	–	0.3
Gain on lease modifications	12	(0.8)	(1.2)
Share-based payment charge	22	3.2	5.7
Finance income	7	(0.1)	(0.2)
Finance costs	7	16.0	18.4
Taxation	8	25.2	13.1
(Increase)/decrease in inventory		(50.6)	10.3
Increase in debtors		(6.4)	(1.0)
Increase in creditors, provisions, government grants and pensions		27.4	3.4
Cash generated from operations		**186.6**	**169.8**
Pension scheme contributions	20	(0.7)	(0.7)
Tax paid		(15.6)	(9.6)
Receipt of government grants	17	–	12.3
Total net cash generated from operating activities		**170.3**	**171.8**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets:			
Property, plant and equipment additions	11	(41.0)	(24.1)
Intangible asset additions	10	(2.2)	(2.0)
Movement on capital expenditure accrual		(0.8)	3.9
Cash outflow from purchase of non-current assets		(44.0)	(22.2)
Acquisition of subsidiaries net of cash acquired	25	(44.1)	(0.1)
Settlement of deferred consideration	25	–	(1.4)
Interest received		–	0.1
Total net cash outflow from investing activities		**(88.1)**	**(23.6)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from term loan	19	–	22.5
Repayment of term loan	19	–	(22.5)
Costs directly attributable to raising new term loan	19	–	(0.4)
Net repayment of short term loans	19	–	(81.8)
Payment of capital element of leases	12	(40.8)	(44.0)
Payment of interest element of leases	12	(12.2)	(12.7)
Interest paid		(2.7)	(4.5)
Net cash outflow from financing activities		**(55.7)**	**(143.4)**
Net increase in cash and cash equivalents		**26.5**	**4.8**
Cash and cash equivalents at the beginning of the period		76.1	72.9
Exchange gains/(losses) on cash and cash equivalents		3.3	(1.6)
Cash and cash equivalents at the end of period		**105.9**	**76.1**
Comprised of:			
Cash at bank and in hand	15	95.4	66.8
Cash in transit	15	10.5	9.3
Cash and cash equivalents at end of period		**105.9**	**76.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Watches of Switzerland Group PLC (the 'Company') is a public limited company, limited by shares, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The address of the registered office is Aurum House, 2 Elland Road, Braunstone, Leicester, LE3 1TT. The Company and its subsidiaries together form the Group.

The principal activity of the Group is the retailing of luxury watches and jewellery, both in showrooms and online. At the balance sheet date, the Group was trading from 131 UK based showrooms and 40 US based showrooms. The Group mainly trades under five prestigious brands; Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK), Mayors (US), and Betteridge (US).

The Consolidated Financial Statements are presented in Pounds Sterling (£), which is the Group's presentational currency, and are shown in £millions to one decimal place. In the prior period the Consolidated Financial Statements were shown in £'000s.

BASIS OF PREPARATION

The Consolidated Financial Statements include the financial statements of the Company and its subsidiary undertakings made up to 1 May 2022. A subsidiary is an entity that is controlled by the parent. The financial year represents the 52 weeks to 1 May 2022 (prior financial year 53 weeks to 2 May 2021). The financial year-end date is determined to be the Sunday closest to 30 April each year.

The financial statements are prepared in accordance with UK adopted international accounting standards. The Consolidated Financial Statements have been prepared under the historical cost convention except for pension assets which are measured at fair value.

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 £217.7 million in available committed facilities, of which £120.0 million was drawn down. Net debt at this date was £14.1 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £189.6 million. The main UK bank facility £170.0 million expires in June 2024. The US$60.0 million US Asset Backed Loan (ABL) expires in April 2023, during the going concern period. No extension or new ABL has been signed and therefore the going concern assessment is based on the remaining £170.0 million facility from April 2023 onwards.

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. Covenant EBITDA is on a pre-IFRS 16 basis and excludes share-based payment and the Watches of Switzerland Group PLC company costs. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 months Adjusted EBITDA. This ratio must not exceed 3. The FCCR is the ratio of Adjusted EBITDA plus rent to the total finance charge and rent for the 12 months to the reporting date. This ratio must exceed 1.6. 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. The £20.0 million minimum headroom covenant was satisfied for each month to September 2021.

After the covenant waiver period, at 31 October 2021 and 1 May 2022, the Group comfortably satisfied the original covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 October 2023 from the date of this report. These included:

- The budget approved by the Board in March 2022, which included the following key assumptions:
  - A continued strong luxury watch market in the UK and US
  - Low levels of tourism and travel in the US and UK
  - Revenue forecast supported by expected luxury watch supply

The budget aligns to the Guidance given on page 74. Under this budget, the Group has significant liquidity and comfortably complies with all covenant tests to 31 October 2023. It is also noted that the budget includes increased costs such as the general market rise in energy costs, in addition to the cost of actions being taken to achieve environmental targets.

- 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.
- Severe but plausible scenarios of:
  - 10% reduction in sales against the budget due to reduced consumer confidence and lower disposable income due to the cost of living crisis. This scenario did not include cost mitigations which are given below
  - A repeat of the FY21 pandemic impact on the ability of showrooms to trade modelled without Government support
- Under these scenarios the net debt to EBITDA and the FCCR covenants would 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:
  - Reduction of marketing spend
  - Reduction in the level of stock purchases
  - Restructuring of the business with headcount and showroom operations savings
  - Redundancies and pay freezes
  - Reducing the level of planned capex 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 October 2023. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the Group Financial Statements.

CLIMATE CHANGE

In preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report. These considerations did not have a material impact on the financial reporting judgments and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 31 October 2023 nor the viability of the Group over the next three years.

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.

1. ACCOUNTING POLICIES (CONTINUED)

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 APMs are not defined by IFRS and therefore may not be directly comparable with other companies' alternative performance measures.

The key APMs that the Group uses include: Net margin, Adjusted EBITDA, Adjusted EBIT and Adjusted Earnings Per Share. These APMs are set out in the Glossary on page 283 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.

FOREIGN CURRENCIES

The Consolidated Financial Statements are presented in Pounds Sterling (£), which is the Group's presentational currency, and are shown in £millions to one decimal place. The Group includes foreign entities whose functional currencies are not Sterling. On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the balance sheet date and income and expenses are translated at average rates during the period. Translation differences are recognised in other comprehensive income.

Transactions in currencies other than an entity's functional currency are recorded at the exchange rate on the transaction date, whilst assets and liabilities are translated at exchange rates at the balance sheet date. Exchange differences are recognised in the Consolidated Income Statement.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Makers (CODMs). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer and Chief Financial Officer of the Group. The CODMs review the key profit measures Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Adjusted Earnings Before Interest and Tax (EBIT), both shown pre-exceptional items and IFRS 16.

REVENUE

The Group is in the business of selling luxury watches and jewellery and providing ongoing services to our customers, such as repairs and servicing. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

In determining the transaction price for the sale of goods, the Group considers the existence of significant financing components.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Sale of goods – retail

Sales of goods are recognised when a Group entity sells a product to the customer and control of the goods is transferred to the customer. Retail sales are usually settled in cash or by card. It is the Group's policy to sell its products to the retail customer with a right to return within 14 days for a cash refund and 30 days for a product exchange. The Group does not operate any loyalty programmes.

Where sales are made on credit provided by a third party, revenue is recognised immediately on sale of the product and control has been passed to the customer. The Group offers interest free credit on certain goods and the cost of this product is nettted against revenue.

Sale of goods – online

Revenue from the sale of goods on the internet is recognised at the point that control has passed to the customer, which is the point of delivery. Transactions are settled by credit or payment card. Where sales are made on credit provided by a third party, revenue is recognised when control has been passed to the customer, on delivery.

Rendering of services

Revenue from a contract to provide services, such as product repairs and servicing, is recognised in the period in which the services are provided. Revenue is recognised when the following conditions are satisfied:

- The amount of revenue can be measured reliably
- It is probable that the Group will receive the consideration due under the contract
- The service has been completed; and
- Control of the good is passed back to the customer

Contract balances – customer deposits and gift cards

A customer deposit or gift card liability is the obligation to transfer goods or services to a customer for which the Group has received consideration. If consideration is received before the Group transfers goods or services to the customer, revenue is deferred and a customer deposit or gift card liability is recognised. Customer deposits and gift cards are recognised as revenue when the customer is passed control of the goods.

Gift card redemptions are estimated on the basis of historical redemptions and are reviewed regularly and updated to reflect management's best estimate of patterns of redemption. The estimated non-redemption is recognised in revenue based on historical redemptions.

Cost of sales

Included within cost of sales are any items which are directly attributable to the sale of goods and services. This includes the cost of bringing inventory into a condition to sell, wages and salaries, depreciation on land and buildings and fittings and equipment and other costs directly attributable to the cost of selling goods and services.

Insurance contracts

The Group issues contracts that transfer insurance risk which are classified as insurance contracts. This activity is completed through the Aurum Insurance (Guernsey) Limited subsidiary which is fully consolidated. The Group manages its risk via its underwriting strategy within its overall risk management framework.

Commission income is earned in showrooms through the sale of insurance policies by Watches of Switzerland Company Limited. Premiums are earned from the date of the attachment of risk, over the indemnity period, based on the pattern of risks underwritten. The earned portion of premiums written is recognised as revenue. Unearned premium represents the proportion of premiums written which is estimated to be earned in future financial years, calculated separately for each insurance contract using the daily pro-rata method.

Claims and claims handling expenses are recognised as incurred based on the estimated cost of settling all liabilities arising on events occurring up to the balance sheet date.

Share-based payments

Some employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The fair value of the equity-settled awards is calculated at grant date using a Black-Scholes model. The resulting cost is charged in the Consolidated Income Statement over the vesting period of the option or award and is regularly reviewed and adjusted for the expected and actual number of options or awards vesting. This applies to LTIP Awards, Deferred Share Bonus Schemes, Save as You Earn Awards, and Free Share Awards.

Service and non-service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions that have not been met.

The social security contributions payable in connection with the award of the share options is determined at each balance sheet date as a liability with the total cost recognised in the Consolidated Income Statement over the vesting period.

Own shares held
Own shares represent the shares of Watches of Switzerland Group PLC that are held in an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach which, in substance, accounts for the trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

Taxation
Taxation, comprised of current and deferred tax, is charged or credited to the Consolidated Income Statement unless it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised in respect of investments in subsidiaries where the reversal of any taxable temporary differences can be controlled and are unlikely to reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 'Financial Instruments', is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amount to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets
Research and development
Expenditure on research activities is recognised in the Consolidated Income Statement as an expense as incurred.

Other intangible assets
Expenditure on internally generated goodwill and brands is recognised in the Income Statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

The cost of intangible assets acquired in a business combination is capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. Software is measured initially at acquisition cost or costs incurred to develop the asset. Following initial recognition, software is carried at cost less accumulated amortisation. Assets are amortised on a straight-line basis over their estimated useful lives of three to five years.

Cloud software licence agreements
Licence agreements to use cloud software are treated as service contracts and expensed in the Consolidated Income Statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Consolidated Income Statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

Amortisation
Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of intangible assets. Amortisation is recognised wholly within cost of sales. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	3 to 5 years
Brands	5 to 30 years
Agency agreements	10 years

The bases for choosing these useful lives are:

- Brand longevity considering brand history and market awareness
- Agency agreements considering the longevity of the agreements in place with a major supplier

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

1. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment
Management accounts for property, plant and equipment under the cost basis of IAS 16 'Property, plant and equipment', rather than applying the alternative (revaluation) treatment. The cost of property, plant and equipment includes directly attributable costs.

Depreciation is provided on the cost of all other assets (except assets in the course of construction), so as to write off the cost, less residual value, on a straight-line basis over the expected useful economic life of the assets concerned, as follows:

Land and buildings	Lease period
Fittings and equipment	3 to 10 years

Useful lives and residual values are reviewed at each balance sheet date and revised where expectations are significantly different from previous estimates. In such cases, the depreciation charge for current and future periods is adjusted accordingly.

Impairment of non-financial assets
The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any impairment loss arises, the asset is adjusted to its estimated recoverable amount and the difference is recognised in the Income Statement.

Property, plant and equipment and other non-current assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit (CGU) is not recoverable. A CGU is an individual showroom which is the smallest identifiable group of assets that generate independent cash flows which are monitored by management and the CODMs. CGUs are grouped for the purposes of allocating goodwill where the CGU group is expected to benefit from synergies, such as sharing of centralised functions and management. Goodwill allocated to groups of CGUs is tested annually for impairment and whenever there is an indication that the goodwill may be impaired.

Impairment testing is performed at several levels and applied in the order set out by IAS 36 'Impairment of assets'. Impairment testing is first applied to the assets within a CGU where the value of assets held by the CGU are compared to the recoverable value. Impairment testing is then performed at a higher level which compares the value of goodwill to the recoverable value of the associated group of CGUs.

Trade and other receivables
Trade receivables represent outstanding customer balances less an allowance for Expected Credit Losses (ECLs). Trade receivables are recognised when the Group becomes party to the contract which happens when the goods are received and controlled by the end user. They are derecognised when the rights to receive the cash flows have expired e.g. due to the settlement of the outstanding amount or where the Group has transferred substantially all the risks and rewards associated with that contract. Other receivables are stated at invoice value less an allowance for ECLs. Trade and other receivables are subsequently measured at amortised cost as the business model is to collect contractual cash flows and the debt meets the Solely Payment of Principal and Interest (SPPI) criterion.

Expected credit losses
The Group recognises an allowance for ECLs for customer and other receivables. IFRS 9 'Financial instruments' requires a provision to be recognised on origination of a customer advance, based on its ECL.

The Directors have taken the simplification available under IFRS 9 5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financing component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing) or where there is a significant financing component (such as where the customer expects to repay only the minimum amount each month), but the Directors make an accounting policy choice to adopt the simplification. Adoption of this approach means that Significant Increase in Credit Risk (SICR) and Date of Initial Recognition (DOIR) concepts are not applicable to the Group's ECL calculations.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Trade and other receivables are only written off when the Group has exhausted all options to recover the amounts due and provided for in full when there is no reasonable expectation of recovery, which is the Group's definition of default.

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward looking aspect of IFRS 9 requires considerable judgement as to how changes in economic factors affect ECLs.

ECL charges in respect of customer receivables are recognised in the Consolidated Income Statement within cost of sales.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables and goods for resale are recognised on an average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cash and cash equivalents
In the Consolidated Balance Sheet, cash and cash equivalents includes cash in hand, cash in transit, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Cash in transit largely comprises amounts receivable on credit cards where the transaction has been authorised but the funds have yet to clear the bank. These balances are considered to be highly liquid, with minimal risk of default, and are typically received in less than three days.

Government grants
Government grants are recognised where there is assurance that the grant will be received and that all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a deduction from the related expense. Grants are recognised on a systematic basis over the periods that the related costs are intended to compensate.

Provisions
Provisions are recognised when:

- The Group has a present legal or constructive obligation as a result of past events
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount has been reliably estimated. Provisions are not recognised for future operating losses

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

Post-employment benefit obligations
The Group operates various post-employment schemes, including both defined benefit schemes and defined contribution pension plans. Typically, defined benefit schemes define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Consolidated Balance Sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of scheme assets. The defined benefit obligation is calculated by a full yield-curve independent actuarial valuation. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit scheme, recognised in the Consolidated Income Statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current period, benefit changes, curtailments and settlements. Past-service costs are recognised immediately in the Consolidated Income Statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. This cost is included in employee benefit expense in the Consolidated Income Statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Financial instruments – initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

The Group does not hold any derivative instruments in either the current or prior period.

Financial assets
Initial recognition and measurement
Financial assets are classified at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The classification is based on two criteria:

- The Group's business model for managing the assets; and
- Whether the instruments' contractual cash flows represent 'Solely Payments of Principal and Interest' on the principal amount outstanding (the SPPI criterion)

A summary of the Group's financial assets is as follows:

Financial assets	Classification under IFRS 9
Trade and other receivables (excluding prepayments)	Amortised cost – held to collect as business model and SPPI met
Cash and short term deposits	Amortised cost

Under IFRS 9 the Group initially measures a financial asset at its fair value plus directly attributable transaction costs, unless the asset is classified as FVPL. Transactional costs of financial assets carried at FVPL are expensed in the Consolidated Income Statement.

Subsequent measurement
Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, impairment or gain or loss on derecognition are recognised in profit or loss.

Derecognition
A financial asset is derecognised primarily when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either a) the Group has transferred substantially all the risks and rewards of the asset, or b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment
The Group recognises an allowance for ECLs for all debt instruments not held at FVPL. The most significant financial assets of the Group are its trade receivables. ECLs are calculated in accordance with the accounting policies set out above.

Financial liabilities
Initial recognition and measurement
The Group has classified its financial liabilities as follows:

Financial liabilities	Classification under IFRS 9
Interest-bearing loans and borrowings	Amortised cost
Trade and other payables (excluding accrued income)	Amortised cost

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
A summary of the subsequent measurement of financial liabilities is set out below:

Financial liabilities at FVPL	Subsequently measured at fair value. Gains and losses are recognised in the Consolidated Income Statement
Interest-bearing loans and borrowings	Subsequently measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included in finance costs in the Income Statement
Trade and other payables (excluding accrued income)	Subsequently measured at amortised cost

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Income Statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Leases
The Group's lease portfolio is principally comprised of property leases in relation to Watches of Switzerland, Mappin & Webb, Goldsmiths, Mayors and Betteridge showrooms, mono-brand boutiques and central offices. The leases typically run for terms between five and 20 years and may include break clauses or options to renew beyond the non-cancellable periods. The majority of the Group's lease payments are subject to market review, usually every five years, with a number of leases which have annual increases dependent on economic indices. Some lease agreements include rental payments which are contingent on the turnover of the property to which it relates: These payments are excluded from the calculation of the lease liabilities under IFRS 16 'Leases'.

Definition of a lease
The Group assesses whether a contract is or contains a lease based on the definition of a lease under IFRS 16. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

1. ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease liability – initial recognition
The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, less any incentives receivable, discounted using the determined incremental borrowing rate applicable to the lease.

Lease payments in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives
- Variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date; and
- Penalty payments for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The Group discounted lease payments, to their present value, using its incremental borrowing rate at the lease commencement date. The Incremental Borrowing Rate (IBR) applied to each lease is determined by taking into account:

- The risk-free rate based on country specific swap markets
- A credit risk adjustment based on country specific corporate indices; and
- A Group specific adjustment to reflect the Group's specific borrowing conditions

The IBR applied to individual leases ranged from 2.10% to 6.50%.

Lease liability – subsequent measurement
Lease liabilities are subsequently measured at amortised cost and are increased to reflect interest on the lease liability (using the effective interest method) and decreased by the lease payments made.

Lease liability – remeasurement
Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or market rental review, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a renewal option is reasonably certain to be exercised or a break clause is reasonably certain to be exercised.

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset, unless its carrying amount is reduced to £nil, in which case any remaining amount is recognised in profit or loss.

The Group has applied judgement to determine the lease term for those lease contracts that include a renewal or break option. The assessment of whether the Group is reasonably certain to exercise a renewal option or reasonably certain not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the Balance Sheet and Consolidated Income Statement.

Right-of-use assets – initial recognition
Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities adjusted for any lease payments made at or before the commencement date, dilapidation provisions required, less any lease incentives received. The Group has elected to apply the exemption for short term leases (leases with a term of less than one year) and low-value assets under IFRS 16, as such not recognising a right-of-use asset and lease liability on the Balance Sheet, but recognising lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Where the Group has an obligation for costs to restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 'Provisions, contingent liabilities and contingent assets'. The estimated costs are included in the related right-of-use asset. Initial direct costs (lease acquisition costs), incurred subsequently to the initial date of application, have been included within the right-of-use asset.

Right-of-use assets – subsequent measurement
Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liabilities. Depreciation is calculated on a straight-line basis over the expected useful economic life of a lease which is taken as the lease term.

COVID-19 related rent concessions
The COVID-19 Related Rent Concessions amendment to IFRS 16 'Leases' was adopted by the IASB on 28 May 2020 and endorsed by the European Union on 12 October 2020. The amendment applies to accounting periods from 1 June 2020 but early application was permitted and the Group has elected not to apply the amendment in the previous period.

The amendment allows for a simplified approach to accounting for rent concessions occurring as a direct result of the pandemic.

Lessees are not required to assess whether eligible rent concessions are lease modifications, allowing the lessee to account for eligible rent concessions as if they were not lease modifications. During the period, the Group has agreed rent concessions both in the form of rent forgiveness in which the landlord has agreed to forgive all or a portion of rents due with no obligation to be repaid in the future and rent deferrals in which the landlord has agreed to forego rents in one period with a proportional increase in rents due in a future period.

The rent concession has been recognised once a legally binding agreement is made between both parties by derecognising the portion of the lease liability that has been forgiven and recognising a reduction to the right-of-use asset.

Rent deferrals do not change the total consideration due over the life of the lease but change the timing of future payments. Where deferrals have been agreed, the Group has adjusted the lease liability and right-of-use asset to reflect the change in timings of these payments.

The Group elected not to apply the amendment in the previous period and assessed that eligible rent concessions should be treated as lease modifications. As a result, in the prior period the Group has recognised within lease modifications an adjustment of £0.2m with no impact on the Consolidated Income Statement relating to these COVID-19 rent concessions.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS
The following standards, amendments and interpretations were applicable for the period beginning 3 May 2021 and were adopted by the Group for the 52 week period ended 1 May 2022. They have not had a significant impact on the Group's profit for the year, equity or disclosures:

- Amendments to IFRS 16 – COVID-19 concessions, extension of amendment

The following are new accounting standards and amendments to existing standards that have been published and are applicable for the Group's accounting periods beginning 2 May 2022 onwards, which the Group has not adopted early:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The adoption of these standards and amendments is not expected to have a material impact on the Group's Consolidated Financial Statements.

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.

Significant estimates
Estimates and underlying assumptions are reviewed by management on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future period affected.

The areas involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

Post-employment benefit obligations
The Group's accounting policy for the defined benefit pension scheme requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For the defined benefit scheme, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, life expectancy and expected remaining periods of service of employees and the determination of the pension cost and defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of these assumptions. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. Sensitivity of the Group's defined benefit scheme to movements in key assumptions is set out in note 20.

Net realisable value of inventories
Inventories are stated at the lower of cost and net realisable value, on a weighted average cost basis. Provisions are recognised where the net realisable value is assessed to be lower than cost. The calculation of this provision requires estimation of the eventual sales price and sell-through of goods to customers in the future. A 20% reduction in the showroom sell-through of slow moving stock would impact the net realisable value by c.£2.1m.

Impairment of property, plant and equipment and right-of-use assets
Property, plant and equipment and right-of-use assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. For the impairment test, the value-in-use method requires the Group to determine appropriate assumptions (which are sources of estimation uncertainty) in relation to the cash flow projections over the five-year strategic plan period, the long term growth rate to be applied beyond this five-year period and the risk- adjusted pre-tax discount rate used to discount those cash flows. The key assumptions relate to sales growth rates discount rates used to discount the cash flows. Climate risk and near term environmental actions that the Group is taking, have been considered in future cash flows used in the impairment review. Showroom related property, plant and equipment and right-of-use assets are tested for impairment at a showroom-by-showroom level, including an allocation of overheads related to showroom operations. Sensitivity of the key assumptions in relation to impairment are included in note 12.

Significant judgements
The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Classification of exceptional items and presentation of non-GAAP measures
The Directors exercise their judgement in the classification of certain items as exceptional and outside the Group's underlying results. The determination of whether an item should be separately disclosed as an exceptional item, non-underlying or non-trading requires judgement on its materiality, nature and incidence, as well as whether it provides clarity on the Group's underlying trading performance. In exercising this judgement, the Directors take appropriate regard of IAS 1 'Presentation of financial statements' as well as guidance from the Financial Reporting Council and the European Securities Market Authority on the reporting of exceptional items and APMs. The overall goal of the Directors is to present the Group's underlying performance without distortion from one-off or non-trading events regardless of whether they are favourable or unfavourable to the underlying result. Further details on exceptional items are provided in note 4.

Lease term (IFRS 16)
IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option.

Where a lease includes the option for the Group to terminate the lease before the term end, the Group makes a judgement as to whether it is reasonably certain that the option will or will not be taken.

On entering into a lease, the Group assesses how reasonably certain it is to exercise these options. The default position is that the Group will determine that the lease term is to the end of the lease (i.e. will not include break-clauses or options to extend) unless there is clear evidence to the contrary.

The lease term of each lease is reassessed if there is specific evidence of a change in circumstance such as:

- A decision has been made by the business to exercise a break or option
- The trading performance significantly changes
- Planned future capital expenditure suggests that the option to extend will be taken

Discount rates (IFRS 16)
The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. Management uses the rate implicit in the lease in relation to the Group's 'Other' leases and the lessee's incremental borrowing rate for all property leases.

Incremental borrowing rates are determined on entering a lease and depend on the term, country, currency and start date of the lease. The incremental borrowing rate used is calculated based on a series of inputs including:

- The risk-free rate based on country specific swap markets
- A credit risk adjustment based on country specific corporate indices; and
- A Group specific adjustment to reflect the Group's specific borrowing conditions

As a result, reflecting the breadth of the Group's lease portfolio, judgements on the lease terms and the international spread of the portfolio, there are a large number of discount rates applied to the leases within the range of 2.58% to 6.33%.

Substantive substitution rights (IFRS 16)
The Group has applied judgement to three (2021: three) contractual agreements and has judged that they do not meet the definition of a lease under IFRS 16. In these cases, the Group has judged that the lessor has a substantive right to substitute the asset and as such, there is no asset identified within the contract. The Group judges that the lessor has the practical ability to substitute; the Group cannot prevent the lessor from proposing the substitution; and the costs of substitution are assessed to be low.

If substituted, the lessor is able to give 14 days' written notice to the Group indicating that the sales area will be changed and the costs incurred to move the sales area would be low to the lessor. As a result, the Group has deemed that the lessor has a substantive right to substitute the asset and as such there is no asset identified within the contract. Given this, the Group does not recognise lease liabilities or right-of-use assets in relation to these leases and continues to account for these on a straight-line basis.

Other areas of estimation and judgement include estimation around expected supplier incentives receivable from third parties. Estimates are based on underlying and forecast sales data to anticipate the level of incentive receivable based on targets to be met in the future. Sensitivities to the assumptions for this are not expected to result in a material change in the carrying amount. The amount recognised as a receivable is reviewed regularly and updated to reflect management's latest best estimate.

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 and how they are measured for the purposes of covenant testing. Both Adjusted EBITDA and Adjusted EBIT are APMs and these measures provide stakeholders with additional useful information to assess the year-on-year trading performance of the Group but should not be considered in isolation of statutory measures.

Adjusted EBITDA represents profit for the period before finance costs, finance income, taxation, depreciation, amortisation, exceptional items presented in the Group's Consolidated Income Statement (consisting of exceptional administrative expenses, exceptional cost of sales and exceptional impairment) on a pre-IFRS 16 basis.

The Group has created a new Corporate segment to give management a greater focus on the trading performance of individual divisions. The Corporate segment captures central administrative costs including Directors, the costs of being a listed Group and charitable donations to The Watches of Switzerland Group Foundation. The expense in the new Europe division represents initial showroom set up costs. The European showrooms were non-trading in the current period.

	52 week period ended 1 May 2022				
	UK £m	US £m	Europe £m	Corporate £m	Total £m
Revenue	**809.6**	**428.4**	**–**	**–**	**1,238.0**
Net margin	306.8	163.8	–	–	**470.6**
Less:					
Showroom costs	(145.3)	(81.4)	–	–	**(226.7)**
Overheads	(41.3)	(22.6)	(0.4)	(9.0)	**(73.3)**
Showroom opening and closing costs	(5.3)	(3.1)	–	–	**(8.4)**
Adjusted EBITDA	**114.9**	**56.7**	**(0.4)**	**(9.0)**	**162.2**
Depreciation, amortisation, impairment and loss on disposal of assets	(23.2)	(8.7)	–	–	**(31.9)**
Segment profit/(loss)*	**91.7**	**48.0**	**(0.4)**	**(9.0)**	**130.3**
Impact of IFRS 16 (excluding interest on leases)					**13.4**
Net other finance costs					**(15.9)**
Exceptional reversal of impairment of assets (note 4)					**0.4**
Exceptional administrative costs (note 4)					**(2.0)**
Profit before taxation for the financial period					**126.2**

	53 week period ended 2 May 2021				
	UK £m	US £m	Europe £m	Corporate £m	Total £m
Revenue	**606.5**	**298.6**	**–**	**–**	**905.1**
Net margin	219.7	112.6	–	–	**332.3**
Less:					
Showroom costs	(109.2)	(57.4)	–	–	**(166.6)**
Overheads	(31.6)	(16.2)	–	(8.0)	**(55.8)**
Showroom opening and closing costs	(3.2)	(1.3)	–	–	**(4.5)**
Adjusted EBITDA	**75.7**	**37.7**	**–**	**(8.0)**	105.4
Depreciation, amortisation, impairment and loss on disposal of assets	(20.0)	(7.8)	–	–	**(27.8)**
Segment profit/(loss)*	**55.7**	**29.9**	**–**	**(8.0)**	**77.6**
Impact of IFRS 16 (excluding interest on leases)					**13.4**
Net other finance costs					**(18.2)**
Exceptional gain on trade receivables (note 4)					**0.2**
Exceptional impairment of assets (note 4)					**(4.2)**
Exceptional administrative costs (note 4)					**(5.1)**
Profit before taxation for the financial period					**63.7**

* Segment profit/(loss) 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

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
UK		
Luxury watches	663.9	512.2
Luxury jewellery	72.4	43.8
Other	73.3	50.5
Total	**809.6**	**606.5**
US		
Luxury watches	382.6	276.3
Luxury jewellery	36.4	16.9
Other	9.4	5.4
Total	**428.4**	**298.6**
GROUP		
Luxury watches	1,046.5	788.5
Luxury jewellery	108.8	60.7
Other	82.7	55.9
Total	**1,238.0**	**905.1**

'Other' consists of the sale of fashion and classic watches and jewellery, the sale of gifts, servicing, repairs and product insurance.

Information regarding geographical areas, including revenue from external customers, is disclosed above.

No single customer accounted for more than 10% of revenue in any of the financial periods noted above.

2. SEGMENT REPORTING (CONTINUED)

Entity-wide non-current asset disclosures

	1 May 2022 £m	2 May 2021 £m
UK		
Goodwill	121.6	121.6
Intangible assets	4.8	4.4
Property, plant and equipment	68.4	62.1
Right-of-use assets	188.9	182.0
Total	**383.7**	**370.1**
US		
Goodwill	38.1	13.8
Intangible assets	13.3	10.8
Property, plant and equipment	43.8	31.6
Right-of-use assets	102.6	71.7
Total	**197.8**	**127.9**
EUROPE		
Property, plant and equipment	0.3	–
Right-of-use assets	2.1	–
Total	**2.4**	**–**
GROUP		
Goodwill	159.7	135.4
Intangible assets	18.1	15.2
Property, plant and equipment	112.5	93.7
Right-of-use assets	293.6	253.7
Total	**583.9**	**498.0**

3. REVENUE

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

	52 week period ended 1 May 2022		
	Sale of goods £m	Rendering of services £m	Total £m
UK	777.5	32.1	809.6
US	420.1	8.3	428.4
Total	**1,197.6**	**40.4**	**1,238.0**

	53 week period ended 2 May 2021		
	Sale of goods £m	Rendering of services £m	Total £m
UK	588.1	18.4	606.5
US	293.6	5.0	298.6
Total	**881.7**	**23.4**	**905.1**

4. EXCEPTIONAL ITEMS

Exceptional items are those that in the judgement of the Directors need to be separately 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.

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
EXCEPTIONAL GAIN ON TRADE RECEIVABLES		
Expected credit gains (i)	–	0.2
Total exceptional gain on trade receivables	**–**	**0.2**
EXCEPTIONAL IMPAIRMENT OF ASSETS		
Reversal/(impairment) of property, plant and equipment (note 11) (ii)	0.4	(3.1)
Impairment of right-of-use assets (note 12) (ii)	–	(1.2)
Reversal of impairment of right-of-use assets (note 12) (ii)	–	0.1
Total exceptional reversal/(impairment) of assets	**0.4**	**(4.2)**
EXCEPTIONAL ADMINISTRATIVE EXPENSES		
Professional and legal expenses on business combinations (iii)	(0.5)	(0.2)
EXCEPTIONAL ITEMS FOR IPO (iv)		
Share-based payment in respect of the Chief Executive Officer (including employment taxes)	(1.5)	(4.9)
Total exceptional administrative costs	**(2.0)**	**(5.1)**
Total exceptional items	**(1.6)**	**(9.1)**
Tax impact of exceptional items	**0.5**	**1.7**

(i) Expected credit gains

In the period ended 26 April 2020 an exceptional provision of £0.7m was made against in-house credit debtors, linked to the exceptional circumstances impacted by the global pandemic. On 16 September 2020, the Group made a one-time payment to remove all future obligations in relation to debt held on recourse. As the Group bears no future liability, the excess credit loss provision of £0.2m in relation to recourse debtors was released in the prior period and accordingly reversed through exceptional items to be consistent with where the original charge was recorded.

(ii) Reversal/impairment of property, plant and equipment and right-of-use assets

In the prior year £3.1m of the impairment to property, plant and equipment and £1.2m of the impairment to right-of use assets were classified as exceptional expenses due to the materiality and exceptional nature of these impairments, which included the impact of the pandemic. These showrooms were impaired to their estimated 'value-in-use' recoverable amount.

During FY22 the estimated 'value-in-use' recoverable amounts were reassessed taking into account FY22 performance and the latest discounted cash flow for each showroom. As a result of improved trading, an impairment reversal of £0.4m has been made at the year end.

(iii) Professional and legal expenses on business combinations

Professional and legal expenses on business combinations completed during the periods 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.

(iv) Exceptional items for IPO

Prior to the IPO on 31 May 2019, 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.

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

5. OPERATING PROFIT

Group operating profit for continuing operations is stated after charging the below items:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Depreciation on tangible assets (note 11)	(27.6)	(24.0)
Amortisation of intangible assets (note 10)	(2.5)	(2.8)
Depreciation of right-of-use assets (note 12)	(40.6)	(37.9)
Reversal/(impairment) of property, plant and equipment – exceptional items (note 11)	0.4	(3.2)
Impairment of property, plant and equipment (note 11)	–	(0.2)
Impairment of right-of-use assets – exceptional items (note 12)	–	(1.2)
Impairment of right-of-use assets (note 12)	–	(0.5)
Reversal of impairment of right-of-use assets – exceptional items (note 12)	–	0.1
Inventory recognised as an expense	(774.4)	(575.8)
Write down of inventories to net realisable value	(0.9)	(2.2)
FEES PAYABLE TO THE GROUP'S EXTERNAL AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
Audit of these financial statements	(0.5)	(0.5)
Audit related assurance services	(0.1)	(0.1)
	(0.6)	**(0.6)**

Impairment of assets and loss on disposal of non-current assets would be presented within administrative expenses had they not been presented separately within the Consolidated Income Statement.

6. EMPLOYEES AND DIRECTORS

Staff costs for continuing operations recognised in operating profit for the Group during the period:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Wages and salaries	104.7	83.7
Social security costs	8.6	7.0
Share-based payments including exceptional costs (note 22)	3.2	5.7
Share-based payments social security costs	1.1	2.7
Pensions costs – defined contribution schemes (note 20)	2.1	2.0
Pensions costs – defined benefit scheme (note 20)	0.2	0.2
Total	**119.9**	**101.3**

Average number of people (including Executive Directors) employed:

	52 week period ended 1 May 2022	53 week period ended 2 May 2021
Retail staff	1,756	1,577
Services staff	94	77
Administrative staff	583	534
Total	**2,433**	**2,188**

Average Full Time Equivalents (FTE) (including Executive Directors) employed:

	52 week period ended 1 May 2022	53 week period ended 2 May 2021
Retail staff	1,604	1,403
Services staff	91	75
Administrative staff	558	506
Total	**2,253**	**1,984**

Further disclosure of the amounts paid to key management is included within note 24.

7. NET FINANCE COST

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
FINANCE COSTS		
Interest payable on long term borrowings	(2.9)	(2.8)
Interest payable on short term borrowings	(0.1)	(1.1)
Amortisation of capitalised transaction costs	(0.7)	(1.1)
Other interest payable	–	(0.1)
Unwinding of discount on deferred consideration	–	(0.2)
Interest on lease liabilities (note 12)	(12.2)	(12.7)
Net foreign exchange loss on financing activities	–	(0.3)
Net interest expense on net defined benefit liabilities (note 20)	(0.1)	(0.1)
Total finance costs	**(16.0)**	**(18.4)**
FINANCE INCOME		
Interest income on trade receivables	–	0.1
Net foreign exchange gain on financing activities	0.1	–
Other interest receivable	–	0.1
Total finance income	**0.1**	**0.2**
Total net finance cost	**(15.9)**	**(18.2)**

On 4 June 2019, the Group entered into a facility consisting of a term loan for £120.0m and a revolving credit facility of £50.0m. Interest on the Term Loan, which is fully drawn, is currently charged at SONIA plus a Credit Adjustment Swap (CAS) charge to compensate for the LIBOR change to SONIA plus 1.75% margin (PY: LIBOR plus 1.75%). The Group is charged at SONIA plus CAS plus 1.50% on the revolving credit facility if the facility was drawn down (PY: LIBOR plus 1.50%). 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 leverage of the Group. The UK facility expires on 4 June 2024. The term loan facility is unsecured and is cross guaranteed by subsidiary entities.

In the prior period, during the pandemic, the Group entered into an additional £45.0m financing facility which was provided by the lenders under the Government's CLBILS scheme. This was repaid and cancelled in FY21.

Short term borrowings consist of the revolving credit facility noted above and an asset backed lending (ABL) facility held in US Dollars of US$60m. 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 (2021: £nil) and amounts outstanding on the ABL facility totalled £nil (2021: £nil).

Amounts undrawn on the facilities totalled £97.7m (2021: £77.5m). Borrowing on the US ABL facility is restricted to the lower of US$60.0m and the borrowing base which is determined by reference to the assets held by the US entities.

8. TAXATION

Tax charge for the period

The tax charge for the period is shown below. Tax is made up of current and deferred tax. Current tax is the amount payable on the taxable income in the period and any adjustments to tax payable in previous periods.

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
CURRENT TAX:		
Current UK tax on profits for the period	14.2	11.3
Current US tax on profits for the period	7.0	0.9
Adjustments in respect of prior periods – UK	(0.4)	–
Adjustments in respect of prior periods – US	0.2	0.7
Total current tax	**21.0**	**12.9**
DEFERRED TAX:		
Origination and reversal of temporary differences	5.8	1.9
Impact of change in tax rate	(1.5)	–
Adjustments in respect of prior periods	(0.1)	(1.7)
Total deferred tax	**4.2**	**0.2**
Tax expense reported in the Income Statement	**25.2**	**13.1**

8. TAXATION (CONTINUED)

Factors affecting the tax charge in the period

The tax rate for the current period varied from the standard rate of corporation tax in the UK due to the following factors:

	52 week period ended 1 May 2022		
	Underlying operations £m	Exceptional items £m	Total £m
Profit before taxation	127.7	(1.6)	126.1
Notional taxation at standard UK corporation tax rate of 19%	24.3	(0.3)	24.0
Non-deductible expenses	0.7	–	0.7
US tax differentials	2.4	–	2.4
Adjustments due to deferred tax rate change*	(1.5)	–	(1.5)
Adjustments in respect of prior periods	(0.2)	(0.2)	(0.4)
Tax expense reported in the Income Statement	**25.7**	**(0.5)**	**25.2**

* The UK Government announced that the rate of corporation tax will increase to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021. This change has been reflected in the value of the deferred tax balances outstanding at the end of the FY22 period based on an estimate as to when the deferred asset or liability is expected to unwind.

	53 week period ended 2 May 2021		
	Underlying operations £m	Exceptional items £m	Total £m
Profit before taxation	72.8	(9.1)	63.7
Notional taxation at standard UK corporation tax rate of 19%	13.8	(1.7)	12.1
Non-deductible expenses	1.5	–	1.5
Recognition of UK tax losses	(1.2)	–	(1.2)
Overseas tax differentials	1.7	–	1.7
Adjustments in respect of prior periods	(1.0)	–	(1.0)
Tax expense reported in the Income Statement	**14.8**	**(1.7)**	**13.1**

Tax recognised in other comprehensive income

In addition to the amount charged to the Consolidated Income Statement, tax movements recognised in other comprehensive income were as follows:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
CURRENT TAX:		
Foreign exchange difference on translation of foreign operations	(1.2)	(1.7)
DEFERRED TAX:		
Pension benefit obligation	(0.2)	–
Tax charge in other comprehensive income	**(1.4)**	**(1.7)**
Foreign exchange difference on translation of foreign operations	–	(0.5)
Total movements in other comprehensive income	**(1.4)**	**(2.2)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences that arise when the carrying value of assets and liabilities differs between accounting and tax treatments. Deferred tax assets represent the amounts of income taxes recoverable in the future in respect of those differences, while deferred tax liabilities represent the amounts of income taxes payable in the future in respect of those differences.

The deferred tax is made up of:

	1 May 2022 £m	2 May 2021 £m
Deferred tax assets (UK)	10.3	14.4
Deferred tax liabilities (US)	(0.4)	–
Total	**9.9**	**14.4**

		1 May 2022 £m	2 May 2021 £m
Accelerated capital allowances	(i)	(3.3)	(0.9)
Interest deductions available in future periods	(ii)	1.2	1.5
Pension benefit obligations	(iii)	0.1	0.5
Unused tax losses	(iv)	2.1	4.1
Deferred tax on leases (IFRS 16)	(v)	4.7	4.0
Share-based payments	(vi)	3.7	4.9
Intangible assets	(vii)	(2.7)	(2.3)
Other temporary difference	(viii)	4.1	2.6
Total		**9.9**	**14.4**

The material amounts are explained below:

(i) The Group has a deferred tax liability for fixed assets (advanced capital allowances) as a result of bonus depreciation in the US and the availability of the super deduction in the UK, reducing the tax value of the assets

(ii) Interest losses not utilised as they arise are available for offset against interest income in future years

(iii) Company contributions exceeded the amounts charged to pension scheme assets during the year

(iv) The tax losses relate to US losses that will be used based on restricted amounts in accordance with US tax legislation

(v) The deferred tax on leases relates to future deductions arising from IFRS 16 adjustments

(vi) The asset for share-based payments relates to the market value of the shares accrued at the balance sheet date which will be deductible when the shares vest

(vii) The liability for intangible assets relates mainly to goodwill that is deductible for tax purposes and as such reduces in value compared to the account's value

(viii) Other temporary differences relate to timing differences whereby costs have been added back in the year but will be deductible in a later year, principally in the US

The deferred tax movement in the period is as follows:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Balance at 3 May 2021	**14.4**	**12.3**
Arising on business combinations	1.0	–
RECOGNISED IN THE INCOME STATEMENT:		
Accelerated capital allowances	(2.4)	5.7
Pension benefit obligations	(0.2)	(0.1)
Unused tax losses	(2.0)	(4.3)
Interest deductions available in future years	(0.3)	(4.9)
Deferred tax on leases (IFRS 16)	0.7	0.3
Share-based payments	(0.3)	3.0
Intangible fixed assets	(0.4)	–
Other temporary differences	0.7	0.1
RECOGNISED IN OTHER COMPREHENSIVE INCOME:		
Pension benefit obligations	(0.2)	–
RECOGNISED DIRECTLY WITHIN EQUITY:		
Share-based payments	(1.1)	2.9
Foreign exchange differences	–	(0.6)
Balance at 1 May 2022	**9.9**	**14.4**

Interest deductions available in future years have no expiry date and have been fully recognised. These interest deductions will be fully utilised against future taxable profits as and when they arise.

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £4.2m (2021: £4.2m). These are unrecognised as it is uncertain as to whether the losses will be capable of utilisation. There is no expiry date applicable to the use of these losses.

9. EARNINGS PER SHARE (EPS)

	52 week period ended 1 May 2022	53 week period ended 2 May 2021
BASIC		
EPS	42.2p	21.1p
EPS adjusted for exceptional items	42.6p	24.2p
EPS adjusted for exceptional items and pre-IFRS 16	41.8p	23.8p
DILUTED		
EPS	42.0p	21.1p
EPS adjusted for exceptional items	42.4p	24.2p
EPS adjusted for exceptional items and pre-IFRS 16	41.6p	23.8p

Basic EPS is based on the profit for the year attributable to the equity holders of the Parent Company divided by the weighted average number of shares.

Diluted EPS is calculated by adjusting the weighted average number of shares used for the calculation of basic EPS as increased by the dilutive effect of potential ordinary shares.

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

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Profit after tax attributable to equity holders of the Parent Company	101.0	50.6
ADD BACK:		
Exceptional cost of sales – net of tax	–	(0.1)
Exceptional (reversal)/impairment of assets – net of tax	(0.4)	3.3
Exceptional administrative expenses – net of tax	1.5	4.2
Profit adjusted for exceptional items	**102.1**	**58.0**
Pre-exceptional IFRS 16 adjustments, net of tax	(2.0)	(0.9)
Profit adjusted for exceptional items and IFRS 16	**100.1**	**57.1**

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

	52 week period ended 1 May 2022	53 week period ended 2 May 2021
WEIGHTED AVERAGE NUMBER OF SHARES:	'000	'000
Weighted average number of ordinary shares in issue	239,483	239,456
Weighted average shares for basic EPS	**239,483**	**239,456**
Weighted average dilutive potential shares	1,119	160
Weighted average shares for diluted EPS	**240,602**	**239,616**

10. INTANGIBLE ASSETS

	1 May 2022				
	Goodwill £m	Brands £m	Agency agreement £m	Computer software £m	Total £m
COST					
At 3 May 2021	135.4	10.7	2.5	8.8	157.4
Additions	–	–	–	2.2	2.2
Acquired on business acquisition (note 25)	21.3	2.2	–	–	23.5
Disposals	–	–	–	(0.6)	(0.6)
Foreign exchange differences	3.0	1.1	0.3	0.1	4.5
At 1 May 2022	**159.7**	**14.0**	**2.8**	**10.5**	**187.0**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 3 May 2021	–	2.2	0.9	3.7	6.8
Charge for the period	–	0.4	0.3	1.8	2.5
Disposals	–	–	–	(0.6)	(0.6)
Foreign exchange differences	–	0.3	0.1	0.1	0.5
At 1 May 2022	**–**	**2.9**	**1.3**	**5.0**	**9.2**
NET BOOK VALUE					
At 1 May 2022	**159.7**	**11.1**	**1.5**	**5.5**	**177.8**
At 2 May 2021	135.4	8.5	1.6	5.1	150.6

	2 May 2021				
	Goodwill £m	Brands £m	Agency agreement £m	Computer software £m	Total £m
COST					
At 27 April 2020	137.1	11.9	2.8	10.2	162.0
Additions	–	–	–	2.0	2.0
Acquired on business acquisition (note 25)	0.1	0.1	–	–	0.2
Disposals	–	–	–	(3.2)	(3.2)
Foreign exchange differences	(1.8)	(1.3)	(0.3)	(0.2)	(3.6)
At 2 May 2021	**135.4**	**10.7**	**2.5**	**8.8**	**157.4**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 27 April 2020	–	2.1	0.7	4.4	7.2
Charge for the period	–	0.3	0.3	2.2	2.8
Disposals	–	–	–	(2.9)	(2.9)
Foreign exchange differences	–	(0.2)	(0.1)	–	(0.3)
At 2 May 2021	**–**	**2.2**	**0.9**	**3.7**	**6.8**
NET BOOK VALUE					
At 2 May 2021	**135.4**	**8.5**	**1.6**	**5.1**	**150.6**
At 26 April 2020	137.1	9.8	2.1	5.8	154.8

On 2 September 2021, the Group acquired the trade and assets of one showroom from Ben Bridge Jeweler Inc. On 15 October 2021, the Group acquired the trade and assets of one showroom from Timeless Watch Exchange LLC. 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 ('Betteridge'). See note 25 for further details.

The Brand category is formed of intangible assets recognised on the business combinations of Mayors Jewelers, Analog Shift LLC, and Betteridge. Mayors Jewelers and Analog:Shift were both acquired in previous reporting periods, and the additional £2.2m Betteridge brand was acquired as part of the business combination which took place on 1 December 2021 (see note 25). The Betteridge brand has been given a ten-year life.

As at 1 May 2022, the Mayors Jewelers' brand had a remaining useful economic life of 26 (2021: 27) years, the Analog:Shift brand had a remaining useful economic life of 3 (2021: 4) years, and the Betteridge brand had a remaining useful life of 115 months.

The Agency agreement category is solely formed of the intangible assets recognised on the business combination in relation to the showrooms within the Wynn Resorts, acquired in December 2017. As at 1 May 2022, the Agency agreements had a remaining useful economic life of 6 (2021: 7) years.

10. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

As noted within the accounting policies, goodwill is allocated between groups of Cash Generating Units (CGUs) for the purposes of impairment testing. CGUs are grouped due to sharing centralised functions and management, and this represents the smallest identifiable group of assets that generate independent cash flows that are monitored by management and the Chief Operating Decision Makers (CODMs). Subsequent acquisitions generate independent cash flows and are monitored separately, hence goodwill has been allocated to groups of CGUs on that basis.

Goodwill is monitored by management based on the categories set out below. Goodwill relating to the Heritage CGU consists of the Goldsmiths, Mappin & Webb and Watches of Switzerland businesses (included in the UK segment) which were purchased as part of the acquisition of Watches of Switzerland Group Limited (formerly Aurum Holdings Limited) in the period to 4 May 2014.

A summary of the groups of CGUs and allocation of goodwill held by the Group is presented below:

	1 May 2022 £m	2 May 2021 £m
Heritage	121.6	121.6
Mayors Jewelers	12.1	11.0
The Wynn Resorts	3.0	2.7
Analog:Shift	0.2	0.1
Ben Bridge	1.0	–
Timeless Watch Exchange	5.3	–
Betteridge	16.5	–
Total	**159.7**	**135.4**

As at each period end, the recoverable amount of all groups of CGUs, owned for greater than 12 months, has been determined based on value-in-use calculations. Value-in-use calculations are underpinned by the Group's budgets and strategic plans -covering a three-year period, which have regard to historical performance and knowledge of the current market, together with management's view on the future achievable growth and committed initiatives. The cash flows which derive from the budgets and strategic plans are pre-tax and include ongoing maintenance capital expenditure. Cash flows beyond the three-year period are extrapolated using the estimated long term growth rates. Other than detailed strategic plans, the key assumptions for the value-in-use calculations are the long term growth rates and the pre-tax discount rate, which takes into account the impact of IFRS 16 lease liabilities.

	52 week period ended 1 May 2022				53 week period ended 2 May 2021			
	Heritage	Mayors Jewelers	The Wynn Resorts	Analog:Shift	Heritage	Mayors Jewelers	The Wynn Resorts	Analog:Shift
Sales growth (% annual growth rate)	13.0%	13.1%	4.3%	133.0%	16.0%	11.9%	12.5%	n/a
Long term growth rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	n/a
Pre-tax discount rate	11.3%	11.4%	11.4%	11.4%	10.7%	11.4%	11.4%	n/a

Sensitivity analysis

Whilst management believe the assumptions are realistic, it is possible that an impairment would be identified if any of the above key assumptions were changed significantly. A sensitivity analysis has been performed on each of these key assumptions with other variables held constant. Given on going uncertainties in the global economy, including the impact of the pandemic on the Group's operations, management have considered increased sensitivities. Despite this, management have concluded that there are no reasonably possible changes in any key assumptions that would cause the carrying amount of goodwill to exceed the value-in-use.

11. PROPERTY, PLANT AND EQUIPMENT

	1 May 2022		
	Land and buildings £m	Fittings and equipment £m	Total £m
COST			
At 3 May 2021	3.3	162.7	166.0
Additions	–	41.0	41.0
Acquired on business acquisition (note 25)	–	2.8	2.8
Disposals	(0.6)	(9.5)	(10.1)
Foreign exchange differences	–	5.4	5.4
At 1 May 2022	**2.7**	**202.4**	**205.1**
ACCUMULATED DEPRECIATION			
At 3 May 2021	1.8	70.5	72.3
Charge for the period	0.3	27.3	27.6
Impairment/(reversal of impairment)	0.1	(0.1)	–
Reversal of impairment – exceptional items	–	(0.4)	(0.4)
Disposals	(0.4)	(8.2)	(8.6)
Foreign exchange differences	–	1.7	1.7
At 1 May 2022	**1.8**	**90.8**	**92.6**
NET BOOK VALUE			
At 1 May 2022	**0.9**	**111.6**	**112.5**
At 2 May 2021	1.5	92.2	93.7

	2 May 2021		
	Land and buildings £m	Fittings and equipment £m	Total £m
COST			
At 27 April 2020	3.9	151.6	155.5
Additions	–	24.1	24.1
Disposals	(0.6)	(7.7)	(8.3)
Foreign exchange differences	–	(5.3)	(5.3)
At 2 May 2021	**3.3**	**162.7**	**166.0**
ACCUMULATED DEPRECIATION			
At 27 April 2020	1.9	52.3	54.2
Charge for the period	0.4	23.6	24.0
Impairment	–	0.3	0.3
Impairment – exceptional items	0.1	3.0	3.1
Disposals	(0.6)	(7.3)	(7.9)
Foreign exchange differences	–	(1.4)	(1.4)
At 2 May 2021	**1.8**	**70.5**	**72.3**
NET BOOK VALUE			
At 2 May 2021	**1.5**	**92.2**	**93.7**
At 27 April 2020	2.0	99.3	101.3

Expenditure on assets in the course of construction at 1 May 2022 was £12.8m (2021: £12.9m). The cost of assets which continue to be used that have a nil net book value (excluding impaired assets) total £14.6m (2021: £7.0m). The loss on disposal of £1.5m (2021: £0.4m) includes £1.0m following a showroom fire in the period.

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment of property, plant and equipment and right-of-use assets
For impairment testing purposes, the Group has determined that each showroom is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

The value-in-use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a three-year period, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth. Cash flows beyond this three-year period are extrapolated using a long term growth rate based on management's future expectations, with reference to forecast GDP growth. These growth rates do not exceed the long term growth rate for the Group's operations in the relevant territory.

The key assumptions in the value-in-use calculations are the growth rates of sales and gross profit margins, long term growth rates and the risk-adjusted pre-tax discount rate. Pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium and a risk adjustment (beta). The pre-tax discount rates are 11.3% in the UK and 11.4% in the US. Pre-tax discount rates are used to discount pre-tax cash flows. The post-tax discount rates, calculated in the same manner as the pre-tax discount rates, are 9.0% in the UK to 9.5% in the US.

During the prior period, the Group recognised an impairment charge of £3.4m relating to property, plant and equipment and £1.7m relating to right-of-use assets as a result of showroom impairment testing. In the current period an impairment reversal of £0.4m has been recognised in relation to property, plant and equipment following an improvement in showroom performance. The Group reviewed the profitability of its showroom network, taking into account the potential future impact on consumer demand. At 1 May 2022 all showroom asset values are lower than their value-in-use recoverable amount.

As disclosed in the accounting policies (note 1), the cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions across the showroom portfolio.

Sales growth rates are in line with the growth rate in the Guidance issued (given on page 74). Reducing sales growth by 5.0% in years two and three from the three-year plan would result in an increase in the impairment charge of £nil. A 2.0% increase in the discount rate would increase the impairment charge by £nil. In combination, a 5.0% fall in sales growth from the three-year plan and a 2.0% increase in discount rate would increase the impairment charge by £0.1m. Reasonably possible changes of the other assumptions would have no further significant impact on the impairment charge.

12. LEASES

Group as a lessee
Right-of-use assets have been grouped into two groups being Properties and Other. Properties are defined as land and buildings leased for our showrooms and offices which are generally leased for between five and ten years with some office buildings leased for longer. Other leases are mainly motor vehicles which are in general leased for four years. There are several lease contracts that include extension and termination options and variable lease payments. Management assess the lease term at inception based on facts and circumstances applicable to each property including the period over which the investment appraisal was initially considered.

Management review the retail lease portfolio on an ongoing basis, taking into account retail performance and future trading expectations. In certain instances, management may exercise break options, negotiate lease reductions or decide not to negotiate a lease extension at the end of the lease term. The most significant factor impacting future lease payments is changes management choose to make to the showroom portfolio.

A number of the retail property leases incur payments based on a percentage of revenue achieved at the location. Changes in future variable lease payments will typically reflect changes in the Group's retail revenues. In line with IFRS 16, variable lease payments which are not linked to an index are not included in the lease liability.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low-value. The Group applies the 'short term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-use assets

	Properties £m	Other £m	Total £m
At 3 May 2021	253.2	0.5	253.7
Additions	32.2	0.6	32.8
Disposals	–	(0.1)	(0.1)
Depreciation	(40.4)	(0.2)	(40.6)
Leases renewed during the period	36.9	–	36.9
Lease breaks	(0.2)	–	(0.2)
Lease modifications and extensions	3.0	–	3.0
Foreign exchange differences	8.1	–	8.1
At 1 May 2022	**292.8**	**0.8**	**293.6**

Right-of-use assets

	Properties £m	Other £m	Total £m
At 27 April 2020	250.8	0.9	251.7
Additions	37.5	0.1	37.6
Disposals	–	(0.2)	(0.2)
Depreciation	(37.6)	(0.3)	(37.9)
Leases renewed during the period	11.3	–	11.3
Rent reviews	4.7	–	4.7
Lease breaks	(3.0)	–	(3.0)
Lease modifications and extensions	0.9	–	0.9
Impairment	(0.5)	–	(0.5)
Impairment – exceptional items	(1.2)	–	(1.2)
Reversal of impairment – exceptional items	0.1	–	0.1
Foreign exchange differences	(9.8)	–	(9.8)
At 2 May 2021	**253.2**	**0.5**	**253.7**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liabilities

	Properties £m	Other £m	Total £m
At 3 May 2021	(300.9)	(0.5)	(301.4)
Additions	(31.6)	(0.6)	(32.2)
Disposals	0.1	0.1	0.2
Interest	(12.2)	–	(12.2)
Leases renewed during the period	(35.3)	–	(35.3)
Lease breaks	0.2	–	0.2
Lease modifications and extensions	(3.0)	–	(3.0)
Payments	52.7	0.3	53.0
Foreign exchange differences	(9.9)	–	(9.9)
At 1 May 2022	**(339.9)**	**(0.7)**	**(340.6)**

Lease liabilities

	Properties £m	Other £m	Total £m
At 27 April 2020	(307.3)	(0.7)	(308.0)
Additions	(36.9)	(0.1)	(37.0)
Interest	(12.7)	–	(12.7)
Leases renewed during the period	(10.9)	–	(10.9)
Rent reviews	(4.7)	–	(4.7)
Lease breaks	4.1	–	4.1
Lease modifications and extensions	(0.7)	–	(0.7)
Payments	56.4	0.3	56.7
Foreign exchange differences	11.8	–	11.8
At 2 May 2021	**(300.9)**	**(0.5)**	**(301.4)**

12. LEASES (CONTINUED)

The following are the amounts recognised in the Consolidated Income Statement:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Depreciation expense of right-of-use assets	(40.6)	(37.8)
Interest expense on lease liabilities	(12.2)	(12.7)
Gain/(loss) on lease disposal	0.1	(0.2)
Net impairment of right-of-use assets	–	(1.7)
Lease modifications and extensions	0.8	1.2
Expense relating to short term leases (included within cost of sales)	(0.4)	(0.1)
Variable lease payments (included within cost of sales)	(7.0)	(2.6)
Total amount recognised in the Consolidated Income Statement	**(59.3)**	**(53.9)**

Rental expense for contracts not in the scope of IFRS 16 totalled £3.2m (2021: £3.7m). Contracts not in the scope of IFRS 16 are contracts that were considered to be leases under IAS 17 which do not meet the definition under IFRS 16, principally because the supplier is considered to have substantive substitution rights over the associated assets.

Total cash flows in relation to leases, as defined in IFRS 16, in the 52 week period ended 1 May 2022 are £56.8m (2021: £58.1m). This relates to payments of £40.8m (2021: £44.0m) of lease principal, £12.2m (2021: £12.7m) of lease interest, £3.4m (2021: £1.2m) of variable lease payments and £0.4m (2021: £0.2m) of other lease payments principally relating to short term leases and leases in which tenancy has continued after the lease term has ended.

Maturity analysis of lease liabilities

The below table gives the undiscounted cash flows which relate to the leases recognised in line with IFRS 16:

	1 May 2022 £m	2 May 2021 £m
Within 1 year	58.5	49.2
Between 1 and 2 years	56.1	50.1
Between 2 and 3 years	53.8	44.9
Between 3 and 4 years	47.3	43.3
Between 4 and 5 years	43.6	37.6
Total for the periods thereafter	139.8	137.3
Total	**399.1**	**362.4**

As at 1 May 2022, 10 (2021: 12) leases have cash flows that exceed ten years. The value of undiscounted cash flows greater than ten years totals £14.5m (2021: £17.7m).

Future possible cash outflows not included in the lease liability

Some leases contain break clauses to provide operational flexibility. In some instances, the Group has identified certain leases where it is reasonably likely that a break will be served and as such have reflected this in the term of the lease. Potential future undiscounted lease payments not included in the reasonably certain lease term and hence not included in lease liabilities total £4.5m (2021: £4.3m).

Future increases or decreases in rentals linked to an index or rate, which is applicable to two properties, are not included in the lease liability until the change in cash flows takes effect. Approximately 54.3% of leases will be subject to rent reviews in future periods with rental changes linked rent reviews which typically occur on a five-yearly basis. The Group is committed to payments totalling £51.1m (2021: £35.1m) in relation to leases that have been agreed but have not yet commenced and as such, do not form part of the lease liability balance and neither included within the maturity analysis above.

Impairment of right-of-use assets

The Group has incurred a net impairment charge of £nil (2021: £1.7m) in the year in relation to right-of-use assets. Refer to note 11 for further disclosure relating to impairment of non-current assets including right-of-use assets.

13. TRADE AND OTHER RECEIVABLES

	1 May 2022		2 May 2021	
	Current £m	Non-current £m	Current £m	Non-current £m
Trade receivables	5.1	–	3.7	–
Other receivables	9.0	2.7	3.2	0.6
Allowance for expected credit losses	(0.2)	–	(0.2)	–
	13.9	**2.7**	**6.7**	**0.6**
Prepayments	5.7	–	3.1	–
Total	**19.6**	**2.7**	**9.8**	**0.6**

Included within trade receivables are amounts receivable from third parties which provide credit arrangements with our customers. Prepayments relate mainly to prepaid property rates and service charges and insurance prepayments, and other receivables relate mainly to supplier incentives receivable. There are no material differences between the fair values and book values stated above.

Movements on the allowance for expected credit losses (ECLs) for impairment of trade and other receivables are as follows:

	1 May 2022 £m	2 May 2021 £m
Opening balance	0.2	4.5
Increase in allowance – cost of sales	0.1	0.2
Receivables written off during the period as uncollectable	(0.1)	(2.3)
Decrease in allowance – exceptional items (note 4)	–	(0.2)
Released due to the sale of trade receivables	–	(1.7)
Foreign exchange differences	–	(0.3)
Balance at period end	**0.2**	**0.2**

On 16 September 2020, the Group made a one-time payment to remove all future obligations in relation to debt held on recourse. As the Group bears no future liability, the excess credit loss provision of £0.2m in relation to recourse debtors was been released and was accordingly been reversed through exceptional items in the prior year.

On 13 November 2020, the Group signed an agreement for the sale of all remaining in-house credit debtors. Following the sale, the Group has no future liability in relation to these debtors. The consideration received was in line with the carrying value of the debt held resulting in a £nil gain or loss through the Consolidated Income Statement in the prior year.

14. INVENTORIES

	1 May 2022 £m	2 May 2021 £m
Finished goods	305.2	225.5
Work in progress	1.8	0.9
Inventories	**307.0**	**226.4**

15. CASH AND CASH EQUIVALENTS

	1 May 2022 £m	2 May 2021 £m
Cash at bank and in hand	95.4	66.8
Cash in transit	10.5	9.3
Cash and cash equivalents	**105.9**	**76.1**

Included in cash and cash equivalents is restricted cash of £13.8m (2021: £9.9m). Restricted cash is defined as cash controlled by the Group but which is not freely useable by the Group in day-to-day operations. £9.6m (2021: £9.2m) relates to amounts which are contractually restricted based on third party agreements and required liquidity reserves, with regard to the Group's provision of insurance services. As at 1 May 2022, the Group has £4.2m held in escrow, whereby the cash is restricted, relating to a business combination. In the prior period $1.0m of the restricted cash was held with a third party on retention.

16. TRADE AND OTHER PAYABLES

	1 May 2022		2 May 2021	
	Current £m	Non-current £m	Current £m	Non-current £m
Trade payables	(112.4)	–	(72.9)	–
Other taxation and social security	(7.2)	–	(7.4)	–
Accruals and deferred income	(80.5)	(1.3)	(69.3)	(2.1)
Total	**(200.1)**	**(1.3)**	**(149.6)**	**(2.1)**

Trade payables do not bear interest and are generally settled within 30 to 60 days. Accruals and deferred income do not bear interest.

17. GOVERNMENT GRANTS

During the prior period, government grants were received to support certain administrative expenses during the pandemic. All attached conditions were complied with before recognition in the Consolidated Income Statement.

The grants were associated to two schemes that operated differently from one another. One scheme operated on a 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.

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

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Opening balance	–	2.6
Released to Income Statement	–	6.8
Cash received during the period	–	(9.4)
Balance at period end	**–**	**–**

During the prior period, the Group made a voluntary decision to repay all UK furlough scheme support relating to the period. The £6.8m support received was repaid in July 2021.

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

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Opening balance	–	(1.2)
Cash received during the period	–	(2.9)
Released to Income Statement	–	4.0
Foreign exchange movements	–	0.1
Balance at period end	**–**	**–**

18. PROVISIONS

	1 May 2022		2 May 2021	
	Current £m	Non-current £m	Current £m	Non-current £m
Dilapidations	(1.0)	(4.1)	(0.8)	(2.5)
	(1.0)	**(4.1)**	**(0.8)**	**(2.5)**

Movement of dilapidations provision

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Opening balance	(3.3)	(2.0)
Charged to Income Statement	(2.1)	(1.7)
Utilised	0.3	0.4
Balance at period end	**(5.1)**	**(3.3)**

The dilapidations provision comprises obligations for showroom remediation costs to be incurred in compliance with applicable legal and environmental regulations together with constructive obligations stemming from established practice once the property leases have expired. The key estimates associated with calculating the provision relate to the cost of repair or replacement to perform the necessary remediation work as at the reporting date together with determining the year of retirement. Estimates are updated annually based on the total estimated remaining life of leases.

19. BORROWINGS

	1 May 2022 £m	2 May 2021 £m
NON- CURRENT		
Term loan	(120.0)	(120.0)
Associated capitalised transaction costs	1.4	2.1
Total borrowings	**(118.6)**	**(117.9)**

Short term borrowings are supported by cross guarantees from various subsidiaries. In addition the US ABL facility is secured by a pledge against US inventory.

Detail on the Group's borrowing is given in note 7.

Analysis of net debt

	2 May 2021 £m	Cash flow £m	Non-cash changes[1] £m	Foreign exchange £m	1 May 2022 £m
Cash and cash equivalents	76.1	26.5	–	3.3	105.9
Term loan	(120.0)	–	–	–	(120.0)
Net debt excluding capitalised transaction costs (pre-IFRS 16)	**(43.9)**	**26.5**	**–**	**3.3**	**(14.1)**
Capitalised transaction costs	2.1	–	(0.8)	0.1	1.4
Net debt (pre-IFRS 16)	**(41.8)**	**26.5**	**(0.8)**	**3.4**	**(12.7)**
Lease liabilities	(301.4)	53.0	(82.3)	(9.9)	(340.6)
Total net debt	**(343.2)**	**79.5**	**(83.1)**	**(6.5)**	**(353.3)**

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

Cash and cash equivalents consists of cash at bank and in hand of £95.4m (2021: £66.8m) and cash in transit of £10.5m (2021: £9.3m).

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. The covenant tests at October 2019 and April 2020 were fully met. On 18 June 2020, the covenant tests of the Group's facilities were replaced with a monthly minimum liquidity headroom covenant of £20.0m 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 £20.0m minimum headroom covenant was satisfied for each month end to September 2021.

After the covenant waiver period, at 31 October 2021 and 1 May 2022, the Group comfortably satisfied the original covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

20. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined contribution schemes

The Group operates two (2021: two) separate UK defined contribution pension schemes. A defined contribution scheme called The Watches of Switzerland Company Limited Pension Scheme which is a Group Personal Pension (GPP) scheme and a second scheme also called The Watches of Switzerland Company Limited Pension Scheme which is a defined contribution multi-employer occupational pension scheme. The Group operates two (2021: two) separate US defined contribution pension schemes, one called The Mayors Jewelers Inc. Scheme and a second called The Watches of Switzerland Scheme.

During the period to 1 May 2022, the pension charge for the period represents contributions payable by the Group to these schemes and amounted to £2.1m (2021: £2.0m). The Group has no legal or constructive obligation to pay further contributions to the fund once the contributions have been paid. Members' benefits are determined by the amount of contributions paid by the Group and the member, together with investment returns earned on the contributions arising from the performance of each individual's chosen investments and the type of pension the member chooses to buy at retirement. As a result, actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested in will not perform in line with expectations) fall on the employee. The assets of the schemes are held separately from the assets of the Group in trustee administered funds.

Defined benefit scheme

The Group operates a defined benefit scheme, the Aurum Retirement Benefits Scheme. The pension scheme operates under the regulatory framework of The Occupational Pension Schemes Regulations 1996. This is an approved funded pension scheme. Defined benefit arrangements entitle employees to retirement benefits based on their final salary and length of service at the time of leaving the scheme, payable on attainment of retirement ages (or earlier death). The assets of the scheme are held separately from the assets of the Group in trustee administered funds. Contributions to the scheme are assessed in accordance with the advice of a qualified independent actuary. As a result of the valuation at 5 April 2020, contributions of £0.7m per annum are being paid to the scheme until 5 April 2028, however, this will be reassessed upon the next triennial valuation on 5 April 2023. The Group is expecting to make total contributions of approximately £0.7m in the 52 week period ended 30 April 2023. The most recent actuarial valuation was carried out on 5 April 2020.

By operating its defined benefit pension scheme, the Group is exposed to the risk that the cost of meeting its obligations is higher than anticipated. This could occur for several reasons, for example:

- Investment returns on the scheme's assets may be lower than anticipated, especially if falls in asset values are not matched by similar falls in the value of the scheme's liabilities
- The level of price inflation may be higher than that assumed, resulting in higher payments from the scheme
- Scheme members may live longer than assumed, for example due to unanticipated advances in medical healthcare. Members may also exercise (or not exercise) choices in a way that leads to increases in the scheme's liabilities, for example through early retirement or commutation of pension for cash
- Legislative changes could also lead to an increase in the scheme's liabilities
- The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields. If scheme assets underperform this yield, this will create a deficit. The Group believes that due to the long term nature of the scheme liabilities, a level of continuing equity investment is an appropriate element of the Group's long term strategy to manage the scheme efficiently
- A decrease in corporate bond yields will increase scheme liabilities, although that will be partially offset by an increase in the value of the scheme's bond holdings

This scheme was closed on 28 February 2002 to new employees. There are no (2021: one) employees within the scheme. The latest full actuarial valuation was carried out at 5 April 2020 and was updated for IAS 19 'Employee benefits' purposes to 1 May 2022 by a qualified independent actuary.

Income Statement

The components of the net defined benefit expense recognised in the Consolidated Income Statement are as follows:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Administrative expenses	(0.2)	(0.2)
Charge within labour costs and operating profit	**(0.2)**	**(0.2)**
Defined benefit charge to the Consolidated Income Statement	**(0.2)**	**(0.2)**
Defined contribution schemes	(2.1)	(2.0)
Total charge to the Consolidated Income Statement	**(2.3)**	**(2.2)**

Other comprehensive income

The components of the net defined benefit expense recognised in other comprehensive income are as follows:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Actuarial losses due to liability experience	–	(0.3)
Actuarial gains/(loss) due to liability financial assumption changes	1.6	(2.4)
	1.6	**(2.7)**
(Loss)/gain on scheme assets greater than discount rate	(0.2)	2.5
Actuarial gain/(loss) recognised in other comprehensive income	**1.4**	**(0.2)**

Balance Sheet valuation

The net defined benefit pension liability recognised in the Consolidated Balance Sheet is analysed as follows:

	1 May 2022 £m	2 May 2021 £m
Diversified growth funds	18.0	18.2
Cash	(0.1)	(0.2)
Fair value of scheme assets	17.9	18.0
Present value of benefit obligations	(18.5)	(20.6)
Net pension liability	**(0.6)**	**(2.6)**

Scheme obligations

Changes in the present value of defined benefit pension obligations are analysed as follows:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Opening defined benefit obligation	(20.6)	(18.0)
Past service costs and curtailments	–	(0.1)
Interest cost	(0.4)	(0.4)
Actuarial gains/(losses) on defined benefit obligation	1.7	(2.8)
Benefits paid	0.8	0.7
Closing defined benefit obligation	**(18.5)**	**(20.6)**

Scheme assets

Changes in the fair value of scheme assets were as follows:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Opening scheme assets	18.0	15.3
Expected return on scheme assets	0.4	0.3
Actuarial (losses)/gains on pension scheme assets	(0.2)	2.5
Employer contributions	0.7	0.7
Benefits paid	(0.8)	(0.7)
Administrative expenses	(0.2)	(0.1)
Closing scheme assets	**17.9**	**18.0**

None of the pension arrangements directly invest in any of the Group's own financial instruments nor any property occupied by, or other assets used by, the Group. The fair values of the above equity and debt instruments are determined based on quoted prices in active markets.

20. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Principal assumptions

The IAS 19 (accounting) valuation of the defined benefit obligation was undertaken by an external qualified actuary as at 1 May 2022 using the projected unit credit method. The principal actuarial assumptions used in the valuation were as follows:

	1 May 2022	2 May 2021
Discount rate	3.00%	2.00%
Rate of increase in salary	n/a	4.30%
Rate of future inflation – RPI	3.70%	3.30%
Rate of future inflation – CPI	3.10%	2.70%
Rate of increase in pensions in payment	3.60%	3.25%
Proportion of employees opting for a cash commutation	100.0%	100.0%

	1 May 2022		2 May 2021	
	Pensioner aged 65	Non-pensioner aged 45	Pensioner aged 65	Non-pensioner aged 45
Life expectancy at age 65 (years):				
Male	21	23	21	23
Female	23	25	23	25

The post-retirement mortality assumptions allow for expected increases to life expectancy. The life expectancies quoted for members currently aged 40 assume that they retire at age 65 (i.e. 25 years after the balance sheet date).

The discount rate in the current and prior year has been derived using a full yield curve approach. The yield curve is based on iBoxx AA rated GBP Corporate Bond index and considers expected scheme cash flows at each duration. The expected average duration of the scheme's liabilities is 17 years.

The rate of retail price inflation (RPI) has been derived in a consistent way to the discount rate, so that it is appropriate to the term of the liabilities. The RPI assumption for the scheme allows for the inflation risk premium of 0.2% per annum (2021: 0.2% per annum).

The rate of consumer price inflation (CPI) is set at 0.6% lower (2021: 0.6% lower) than the assumption for retail price inflation, reflecting the long term expected gap between the two indices.

The base mortality assumptions are in line with the standard S2PA year of birth tables. Future improvement trends have been allowed for in line with the CMI 2020 (2021: CMI 2019) series with a long term trend towards 1.0% (2021: 1.0%) per annum.

Sensitivity analysis

The impact on the defined benefit obligation to changes in the financial and demographic assumptions is shown below:

	1 May 2022 £m	2 May 2021 £m
0.25% increase in discount rate	0.8	0.7
0.25% decrease in discount rate	(0.8)	(0.7)
0.25% increase in pension growth rate	(0.6)	(0.5)
0.25% decrease in pension growth rate	0.6	0.5
1 year increase in life expectancy	(0.6)	(0.5)
1 year decrease in life expectancy	0.6	0.5

Defined Benefit Pension Scheme

The Aurum Retirement Benefits Scheme's investment strategy was reviewed in early 2022 and the Trustees agreed to implement a de-risked strategy targeting full funding on a prudent self-sufficiency type basis over the medium term. In the period between the year end and the signing of the Annual Report and Accounts, the Trustees appointed Schroders as their new investment manager with a mandate to invest 30% of the Scheme's assets in Liability Driven Investment (LDI) and 70% invested in a diversified growth fund. The LDI allocation is around 3 times leveraged and therefore targets around 100% interest rate and inflation hedging of the Scheme's liabilities. The Trustees expect the revised strategy to provide funding level stability, even during volatile market conditions. The strategy will be kept under review and the Trustees expect to implement further de-risking as part of future valuation cycles. The asset transfers are scheduled to take place by the end of July 2022.

21. EQUITY

On 30 May 2019, the Company was registered as a public limited company under the Companies Act 2006. On 4 June 2019, the Company was admitted for listing on the London Stock Exchange. The Company issued 57,455,554 shares for £2.70 each with a nominal value of 1.25p recognising additional share capital of £718,000 and share premium of £154,412,000.

	Nominal value £	Shares	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m
As at 2 May 2021	**0.0125**	**239,455,554**	**3.0**	**147.1**	**(2.2)**	**–**
Issuance of share capital	0.0125	114,743	–	–	–	–
Purchase of own shares	–	–	–	–	–	(6.7)
As at 1 May 2022	**0.0125**	**239,570,297**	**3.0**	**147.1**	**(2.2)**	**(6.7)**

Share capital
114,743 ordinary shares of 1.25p nominal value were issued in the period to satisfy the employee free share award.

Share premium account
This reserve represents the amount of proceeds received for shares in excess of their nominal value of 1.25p per share.

Merger reserve
This reserve arose as a consequence of a Group reorganisation which inserted the Company as the Parent Company of the Group.

Foreign exchange reserve
This reserve represents the cumulative effect of foreign exchange differences in relation to the retranslation of the Group's subsidiaries which are denominated in a currency other than the Group's reporting currency of Pounds Sterling (£).

Other reserves
At the end of the period the Group purchased £6.7m of own shares to satisfy management incentives which will vest in FY23. The shares were purchased by an Employee Benefit Trust which has been set up for this purpose. The payment for the shares was settled post period-end. The Company adopts a 'look-through' approach, which in substance, accounts for the Trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

22. SHARE-BASED PAYMENTS

During the period to 1 May 2022, the Group operated six (2021: three) separate share-based payment schemes.

The Group has granted a number of different equity-based awards to employees which it has determined to be share-based payments as detailed below.

Share options granted at the time of IPO to Chief Executive Officer (CEO)
On 31 May 2019, share options over 2,222,222 shares were granted to the CEO by the former owners at nil cost and a non-market vesting condition of the IPO. The share options were able to be exercised at any point during a three-year period from the date of grant. The CEO was required to remain employed for a period of two years unless his employment ended for an excluded reason. There were no cash settlement alternatives. During the period, the options were be settled by Jewel Holdco S.à.r.l out of their shareholding in the Company.

Details of the share option movements are as follows:

	1 May 2022	2 May 2021
Outstanding at 3 May 2021	2,222,222	2,222,222
Exercised	(2,222,222)	–
Outstanding at 1 May 2022	**–**	**2,222,222**

Exercisable price	£nil
Number of shares with options at 1 May 2022	2,222,222
Average fair value at grant	£2.70

Share price at exercise date	£10.48
Gain on exercise	£23,288,887

22. SHARE-BASED PAYMENTS (CONTINUED)

Long Term Incentive Plan (LTIP)

The LTIP is a discretionary executive share plan under which the Board may, subject to Adjusted EPS and Return on Capital Employed (ROCE) performance conditions, grant options over shares in Watches of Switzerland Group PLC. The Group issues annual grants of awards with three-year performance periods. Grants vest and become exercisable after three years and are awarded as nil-cost options. There are no cash settlement alternatives.

Details of the share options outstanding are as follows:

	1 May 2022	2 May 2021
Outstanding at 3 May 2021	1,794,125	187,190
Change in performance	–	748,761
Granted	402,739	858,174
Forfeited	(238,826)	–
Outstanding at 1 May 2022	**1,958,038**	**1,794,125**

Exercisable price	£nil
Exercisable at 1 May 2022	nil
Average fair value at grant	£4.27

Deferred Bonus Plan (DBP)

The DBP is a discretionary bonus plan under which the Board may, subject to applicable performance conditions, issue one-third of a bonus in the form of conditional share awards in Watches of Switzerland Group PLC. The bonus is linked to annual earnings targets. Two-thirds of the bonus is settled in cash. The remaining third of the bonus is deferred as share options and accounted for as an equity-settled share-based payment. These deferred shares are subject to a three-year vesting period with no additional performance conditions. Deferred shares are awarded as nil-cost options.

Details of the share options outstanding are as follows:

	1 May 2022	2 May 2021
Outstanding at 3 May 2021	160,039	–
Change in FY21 number of shares granted*	(32,886)	–
Granted*	126,252	160,039
Forfeited	(5,950)	–
Outstanding at 1 May 2022	**247,455**	**160,039**

Exercisable price	£nil
Exercisable at 1 May 2022	11,867
Average fair value at grant	£9.74

* The share price at which the number of shares granted under the DBP scheme is calculated is not confirmed until after the date of the approval of the Annual Report and Accounts. The maximum number of DBP shares granted during the period is therefore estimated using the year-end closing share price and trued up at the date of grant.

Save As You Earn (SAYE) (UK)/Employee Stock Purchase Plan (ESPP) (US)

During the year, the Company opened a Save As You Earn scheme to all UK and US employees. Options were granted at the prevailing market rate on 14 February 2022, less a discount of 15%, and are exercisable after three years (UK employees) and two years (US employees) from the date of grant. The scheme permits a maximum saving of £500 (UK) and $600 (US) per month out of taxed income. SAYE/ESPP options are accounted for as an equity-settled award under IFRS 2.

Details of the share options outstanding are as follows:

	1 May 2022	2 May 2021
Granted	485,698	–
Forfeited	(5,062)	–
Outstanding at 1 May 2022	**480,636**	–

Exercisable price	£nil
Exercisable at 1 May 2022	nil
Average fair value at grant	£10.80

FY22 Free share issue

During the year the Group issued 50 free shares to all colleagues who were employed by the Group on 15 December 2021. Employees must remain employed for a period of three years to earn the shares.

Details of the share options outstanding are as follows:

	1 May 2022	2 May 2021
Granted	120,850	–
Forfeited	(8,800)	–
Outstanding at 1 May 2022	**112,050**	**–**

Exercisable price	£nil
Exercisable at 1 May 2022	Nil
Average fair value at grant	£12.66

Chief Financial Officer Buy-out award (CFO)

Two buy-out share options were granted to the CFO when joining the Group to replace those in place at his previous employment at Rank Group PLC. Performance conditions for the first award have been met, and shares will vest at October 2022 and October 2023. Performance conditions for the second award are aligned to the performance of the Rank Group PLC to June 2023 and will be confirmed in October 2023. The awards have been translated into Group shares at the share price on the date of joining.

Details of the share option movements are as follows:

	1 May 2022	2 May 2021
Granted	38,835	–
Outstanding at 1 May 2022	**38,835**	**–**

Exercisable price	£nil
Exercisable at 1 May 2022	nil
Average fair value at grant	£14.20

Charged to the Consolidated Income Statement

The amounts recognised in the Consolidated Income Statement in relation to these schemes were as follows:

	53 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
CEO – Exceptional expenses	0.3	3.0
LTIP – Administrative expenses	1.9	2.4
DBP – Administrative expenses	0.7	0.3
CFO – Administrative expenses	0.1	–
SAYE/ESPP – Administrative expenses	0.1	–
Free shares – Administrative expenses	0.1	–
	3.2	**5.7**

Fair value of share schemes

The fair value of equity-settled share options and share awards granted is estimated at the date of grant using share option valuation models. The schemes are valued using the Black-Scholes model.

The following tables list the inputs to the models for options and share-based payment costs during the year:

	LTIP			DBP		SAYE/ESPP	IPO	CFO
	1 May 2022	2 May 2021	26 Apr 2020	1 May 2022	2 May 2021	1 May 2022	26 Apr 2020	1 May 2022
Share price (£)	£9.42	£3.20	£2.90	£10.21	£9.42	£10.80	£2.70	£14.20
Exercise price (£)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (%)	0.61%	0.57%	0.78%	0.66%	0.57%	0.05%	0.78%	0.41%
Expected life of share option	3 years	3 years	3 years	4 years	4 years	UK 3 years US 2 years	2 years	2 years

The total underlying amount charged to the Consolidated Income Statement in relation to these schemes for the 52 week period ended 1 May 2022 is £3.2m (2021: £5.7m). £2.9m (2021: £2.7m) has been charged to administrative expenses and £0.3m (2021: £3.0m) to exceptional items as they relate to IPO costs (refer to note 4).

The Group did not enter into any share-based payment transactions with parties other than employees during the current period.

23. FINANCIAL INSTRUMENTS

Categories

	1 May 2022 £m	2 May 2021 £m
FINANCIAL ASSETS - HELD AT AMORTISED COST		
Trade and other receivables*	16.6	7.3
Cash and cash equivalents	105.9	76.1
Total financial assets	**122.5**	**83.4**

	1 May 2022 £m	2 May 2021 £m
FINANCIAL LIABILITIES - HELD AT AMORTISED COST		
Interest-bearing loans and borrowings:		
Term loans (net of capitalised transaction costs)	(118.6)	(117.9)
Trade and other payables**	(174.3)	(127.1)
	(292.9)	**(245.0)**
Lease liability (IFRS 16)	(340.6)	(301.4)
Total financial liabilities	**(633.5)**	**(546.4)**

* Excludes prepayments of £5.7m (2021: £3.1m) that do not meet the definition of a financial instrument.
** Trade payables excludes customer deposits of £12.4m (2021: £12.2m) and deferred income of £14.7m (2021: £12.4m) that do not meet the definition of a financial instrument.

Fair values

At 1 May 2022, 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 based on either their short maturity or, in respect of long term borrowings, interest being incurred at a floating rate.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk and capital management framework and for establishing the Group's risk management policies.

The Group has exposure to the following risks arising from financial instruments:

- Liquidity risk
- Interest rate risk
- Credit risk
- Currency risk
- Capital risk

No significant changes were made in the objectives, policies and processes for managing capital during the years ended 1 May 2022 and 2 May 2021.

Liquidity risk

The Group has generated sufficient cash from operations to meet its working capital requirements. Cash flow forecasting is performed in the operating entities of the Group. The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits on any of its borrowing facilities.

The table below shows the maturity analysis of the undiscounted remaining contractual cash flows, including interest, of the Group's financial liabilities:

	1 May 2022			
	Less than one year £m	Between one and five years £m	Greater than five years £m	Total £m
Term loan	(3.5)	(124.0)	–	(127.5)
Trade and other payables	(173.0)	(1.3)	–	(174.3)
Lease liabilities (IFRS 16)	(58.5)	(200.8)	(139.8)	(399.1)
Total	**(235.0)**	**(326.1)**	**(139.8)**	**(700.9)**

	2 May 2021			
	Less than one year £m	Between one and five years £m	Greater than five years £m	Total £m
Term loan	(2.7)	(127.2)	–	(129.9)
Trade and other payables	(125.0)	(2.2)	–	(127.2)
Lease liabilities (IFRS 16)	(49.3)	(175.9)	(137.2)	(362.4)
Total	**(177.0)**	**(305.3)**	**(137.2)**	**(619.5)**

As at 1 May 2022, 10 (2021: 12) leases have cash flows that exceed ten years. The value of undiscounted cash flows greater than ten years totals £14.5m (2021: £17.7m).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group's policy is to maintain low levels of variable debt by managing the cash position of the business closely and ensuring that the debt position is minimised. The Group regularly refinances in order to obtain better rates for both long term debt and short term debt obligations. The Group uses strong cash positions to pay down long term and short term debt when possible in order to reduce the overall debt position.

Interest rate risk – sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. The analysis has been prepared using the assumptions that:

- For floating rate assets and liabilities, the amount of the asset or liability outstanding at the balance sheet date is assumed to have been outstanding for the whole period
- Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis With

all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Interest rate increase of 0.5%	(0.6)	(0.6)
Interest rate decrease of 0.5%	0.6	0.1

Credit risk

Credit risk arises from cash and cash equivalents, credit sales and deposits with banks. Credit risk related to the use of treasury instruments is managed on a Group basis. This risk arises from transactions with banks, such as those involving cash and cash equivalents and deposits. To reduce the credit risk, the Group has concentrated its main activities with a group of banks that have secure credit ratings. For each bank, individual risk limits are set based on its financial position, credit ratings, past experience and other factors. The utilisation of credit limits is regularly monitored.

Management continually review specific balances for potential indicators of impairment. In the instance where an indicator is identified, management will determine overall recovery from a legal perspective and provide for any irrecoverable amounts.

Credit risk also arises from the recoverability of the Group's trade and other receivables. Trade and other receivables are only written off when the Group has exhausted all options to recover the amounts due and provided for in full when there is no reasonable expectation of recovery, which is the Group's definition of default. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of the debtor to engage in a repayment plan with the Group and a failure to make contractual payments. An expected credit loss provision is then calculated on the remaining trade and other receivables.

The ageing analysis of the trade receivables is as follows:

	1 May 2022 £m	2 May 2021 £m
Not past due	3.5	2.5
Less than one month past due	0.6	1.0
One to two months past due	0.3	–
More than two months past due	0.7	0.2
Total	**5.1**	**3.7**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of asset.

Currency risk

The exposure to currency risk is considered below:

	1 May 2022			
	Sterling £m	US Dollar £m	Other £m	Total £m
FINANCIAL ASSETS				
Trade and other receivables	9.4	7.2	–	16.6
Cash and cash equivalents	76.1	27.7	2.1	105.9
Total financial assets	**85.5**	**34.9**	**2.1**	**122.5**
FINANCIAL LIABILITIES				
Term loan	(118.6)	–	–	(118.6)
Trade and other payables	(93.9)	(80.4)	–	(174.3)
Lease liabilities	(217.2)	(121.3)	(2.1)	(340.6)
Total financial liabilities	**(429.7)**	**(201.7)**	**(2.1)**	**(633.5)**

23. FINANCIAL INSTRUMENTS (CONTINUED)

	2 May 2021			
	Sterling £m	US Dollar £m	Other £m	Total £m
FINANCIAL ASSETS				
Trade and other receivables	4.9	2.4	–	7.3
Cash and cash equivalents	33.6	42.2	0.3	76.1
Total financial assets	**38.5**	**44.6**	**0.3**	**83.4**
FINANCIAL LIABILITIES				
Term loan	(117.9)	–	–	(117.9)
Trade and other payables	(84.6)	(41.8)	(0.7)	(127.1)
Lease liabilities	(213.4)	(88.0)	–	(301.4)
Total financial liabilities	**(415.9)**	**(129.8)**	**(0.7)**	**(546.4)**

Currency risk sensitivity

The following table demonstrates the sensitivity to a change in the US Dollar exchange rate, with all other variables held constant, and the impact upon the Group's profit after tax assuming that none of the US Dollar exposures are used as hedging instruments. Sensitivities have not been performed for any other currencies as the Group has no significant exposure in any other currency.

	(Increase)/decrease in rate	Effect on profit after tax 52 week period ended 1 May 2022 £m	Effect on profit after tax 53 week period ended 2 May 2021 £m
US Dollar	(5%)	(1.5)	(0.8)
US Dollar	5%	1.6	0.9

Capital risk

The capital structure of the Group consists of debt, as analysed in note 19, and equity attributable to the equity holders of the Parent Company, comprising issued capital reserves and retained earnings as shown in the Consolidated Statement of Changes in Equity. The Group manages its capital with the objective that all entities within the Group continue as going concerns while maintaining an efficient structure to minimise the cost of capital.

The Directors carefully monitor the Group's long term borrowings including the ability to service debt and long term forecast covenant compliance.

The Group takes a disciplined approach to capital allocation with the objective to deliver long term sustainable earnings growth whilst retaining financial capability to invest in developing our business and to execute our strategic priorities. The Group is well positioned to continue investing in elevating and expanding its existing showroom portfolio and to make complementary acquisitions which meet strict investment criteria and advance the Group's strategic objectives.

24. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Total compensation of key management personnel in the period to 1 May 2022 amounted to £3.6m (2021: £6.5m).

Compensation typically includes salaries and other short term employee benefits, post-employment benefits and other long term benefits. Key management are eligible to receive discounts on goods purchased from the Group's trading companies. Such discounts are in line with discounts offered to all staff employed by Group companies. In addition to their salaries, the Group also contributes to post-employment defined contribution plans.

Key management are those individuals who have authority and responsibility for planning, directing and controlling the activities of the Group.

	52 week period ended 1 May 2022 £m	53 week period ended 2 May 2021 £m
Short term employment benefits	1.8	1.9
Share-based payments	1.8	4.6
Total	**3.6**	**6.5**

Transactions with key management personnel

On his retirement, former CFO Anders Romberg received a watch from the Group with a taxable value of £8,230 as a thank you for his seven years of service and his significant contribution to the business during this period.

Transactions with subsidiary companies and companies under common control

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 year the Group has traded products and provided services to The Watch Shop Holdings Limited and The Watch Lab Holdings Limited, entities with the same significant investor. In the 52 week period ended 1 May 2022 there were no similar transactions (2021: £2,000). The Group has an outstanding balance with these entities of £nil (2021: £nil).

25. BUSINESS COMBINATIONS

During the period the Group acquired the trade and assets of a number of showrooms in the US as follows:

- On 2 September 2021, the Group acquired the trade and assets of one showroom from Ben Bridge Jeweler Inc. ('Ben Bridge')
- On 15 October 2021, the Group acquired the trade and assets of one showroom from Timeless Watch Exchange LLC. ('Timeless')
- 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. ('Betteridge')

The businesses contributed revenue of £32.5m from the date of acquisition to 1 May 2022 and contributed a net profit of £5.7m.

	Ben Bridge and Timeless £m	Betteridge £m	Total £m
Total cash consideration	**9.2**	**39.1**	**48.3**
Initial assessment of values on acquisition			
Inventories	3.3	17.4	20.7
Property, plant and equipment	0.3	2.5	2.8
Trade and other receivables	–	2.9	2.9
Deferred tax assets	0.1	0.9	1.0
Trade and other payables	(0.2)	(2.4)	(2.6)
Right-of-use assets	1.7	5.4	7.1
Lease liabilities	(1.7)	(5.4)	(7.1)
Total identifiable net assets	**3.5**	**21.3**	**24.8**
Brand	–	2.2	2.2
Goodwill	5.7	15.6	21.3
Total assets acquired	**9.2**	**39.1**	**48.3**

As at 6 July 2022 the final consideration payable to Betteridge has not been finalised. An amount of £4.2m is held with a third party on retention subject to finalisation of the working capital adjustment as set out in the sale and purchase agreement. This amount is disclosed in the cash section in note 15.

The fair value of the trade receivables amounts to £2.2m and it is expected that the full contractual amounts can be collected.

Acquisitions completed in the 52 week period to 1 May 2022
All acquisitions have been made to further enhance the US expansion strategy.

The goodwill recognised is attributable to the profitability of the acquired showrooms and is expected to be deductible for tax purposes.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities, with consideration given as to whether an adjustment was required to reflect the terms of the lease relative to market terms.

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.

If the combinations had taken place at the beginning of FY22, the Group's revenue from continuing operations would have been £1,285.0m and the profit before tax would have been £133.7m.

25. BUSINESS COMBINATIONS (CONTINUED)

Analog Shift LLC

On 1 September 2020 in the prior year, the Group acquired the trade and assets of Analog Shift LLC from Airship Holdings LLC.

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

Consideration at 1 September 2020	£'000
Initial cash consideration	77
Contingent consideration	192
Total consideration (100% holding)	**269**

Initial assessment of values on acquisition

	£'000
Brand	115
Total identifiable net assets	**115**
Goodwill	154
Total assets acquired	**269**

The contingent consideration value is to be finalised during the 36-month period following the 1 September 2020 acquisition date, connected to trading performance of the brand.

The contribution to the prior year revenue and profit before tax, if this business combination had occurred on the first day of the period, would not have been material to the results of the Group.

26. 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, a class action was brought in Florida against three US subsidiaries of the Company. 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. As 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 subsidiaries continue to defend themselves robustly. Our legal costs of defending the claim are insured subject to the policy excess.

27. POST-BALANCE SHEET EVENTS

On 22 June 2022, the Group acquired the trade and assets of one showroom from Bernie Robbins Jewelers, Inc. for a cash consideration of $26,000,000. The acquisition further advances the US expansion strategy.

The assets and liabilities acquired principally comprise working capital balances of inventory and property, plant and equipment. Due to the proximity of the acquisition date to the date of approval these Consolidated Financial Statements, the initial accounting for the business combination is incomplete and the Group is unable to provide a quantification of the fair values of the assets and liabilities acquired. The Group will include an acquisition balance sheet within the Group's Interim Financial Statements for the 26 weeks to 30 October 2022.

No further post balance sheet events have been identified.

COMPANY BALANCE SHEET

	Note	1 May 2022 £m	2 May 2021 £m
FIXED ASSETS			
Investments	C2	471.9	471.9
CURRENT ASSETS			
Debtors: amounts falling due within one year	C3	2.7	0.3
Cash at bank and in hand		0.3	0.3
		3.0	**0.6**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	C4	(6.7)	(2.7)
Net current liabilities		**(3.7)**	**(2.1)**
Net assets		**468.2**	**469.8**
EQUITY			
Share capital	C6	3.0	3.0
Share premium	C6	147.1	147.1
Retained earnings		318.1	319.7
Total equity		**468.2**	**469.8**

The Company's profit after tax was £2.2m (2021: loss of £0.5m). The profit in the current year is a result of a dividend received which allowed repayment of management recharges from subsidiary entities.

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:

W FLOYDD
CHIEF FINANCIAL OFFICER
Date: 6 July 2022

The notes on pages 279 to 282 form part of these Financial Statements.

Company number: 11838443

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Retained earnings £m	Total equity attributable to owners £m
Balance at 26 April 2020	**3.0**	**147.1**	**317.5**	**467.6**
Loss for the financial period	–	–	(0.5)	(0.5)
Share-based payments	–	–	2.7	2.7
Balance at 2 May 2021	**3.0**	**147.1**	**319.7**	**469.8**
Profit for the financial period	–	–	2.2	2.2
Purchase of own shares	–	–	(6.7)	(6.7)
Issuance of share capital	–	–	–	–
Share-based payments	–	–	2.9	2.9
Balance at 1 May 2022	**3.0**	**147.1**	**318.1**	**468.2**

At the end of the period the Company purchased £6.7m of own shares to satisfy management LTIP awards which will vest in FY23. The shares were purchased by an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach, which in substance, accounts for the Trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

The other transactions above have been further described within notes C6 and C7.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

C1. GENERAL INFORMATION

Watches of Switzerland Group PLC (the 'Company') is a public limited company, limited by shares, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The registered number is 11838443 and the address of the registered office is Aurum House, 2 Elland Road, Braunstone, Leicester, LE3 1TT.

These Financial Statements present information about the Company as an individual undertaking and not about its Group.

The Financial Statements of Watches of Switzerland Group PLC have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

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

Accounting policies
The accounting policies set out in the notes below have been applied in preparing the Financial Statements for the 52 week period ended 1 May 2022 and the comparative information presented in these financial statements for the 53 week period ended 2 May 2021.

The Company is included within the Consolidated Financial Statements of Watches of Switzerland Group PLC. The Consolidated Financial Statements of Watches of Switzerland Group PLC are prepared in accordance with IFRS and are publicly available. In these Financial Statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period
- The requirement to prepare a statement of cash flows
- Certain disclosures in relation to share-based payments
- Key Management Personnel compensation

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the Company is not presented as part of the Financial Statements.

The Company's accounting policies are the same as those set out in note 1 of the Group Consolidated Financial Statements, except as noted below.

Investments
Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Impairment
The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any impairment loss arises, the asset is adjusted to its estimated recoverable amount and the difference is recognised in the Income Statement.

Trade and other debtors/creditors
Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Share-based payments
Some employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The fair value of the equity-settled awards is calculated at grant date using a Black-Scholes model. The resulting cost is charged in the Income Statement over the vesting period of the option or award and is regularly reviewed and adjusted for the expected and actual number of options or awards vesting. This applies to LTIP Awards, Deferred Share Bonus Schemes, Save as You Earn Awards, and Free Share Awards.

Service and non-service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions that have not been met.

The social security contributions payable in connection with the grant of the share options is determined at each balance sheet date as a liability with the total cost recognised in the Income Statement over the vesting period.

Own shares held
Own shares represent the shares of Watches of Switzerland Group PLC that are held in an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach which, in substance, accounts for the trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

Financial risk management
The Company's financial risk is managed as part of the Group's strategy and policies as discussed in note 23 of the Consolidated Financial Statements.

Company result for the period
In accordance with the exemption allowed by Section 408(3) of the Companies Act 2006, the Company has not presented its own Income Statement or Statement of Comprehensive Income.

Directors' remuneration and staff numbers
The Company has no employees other than the Directors, who did not receive any remuneration for their services directly from the Company in either the current or preceding period. Refer to note 24 in the Group consolidated accounts for Key Management Personnel compensation.

External Auditor's remuneration
The remuneration paid to the External Auditor in relation to the audit of the Company is disclosed in note 5 of the Consolidated Financial Statements. The fees for the audit of the Company's Financial Statements are borne by a subsidiary of the Company and are not recharged.

C2. FIXED ASSET INVESTMENTS

The Company had the following subsidiaries as at 1 May 2022:

Entity	Principal activity	Country of incorporation	Registered office	Type of share held by the Group	Proportion of ordinary shares held by Group Companies
Jewel UK Midco Limited*	Intermediate holding company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Jewel UK Bondco Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Jewel UK Bidco Limited	Intermediate holding company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Watches of Switzerland Operations Limited	Intermediate holding company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Aurum Acquisitions Limited	Intermediate holding company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Watches of Switzerland Company Limited	Retailer	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Goldsmiths Finance Limited	Non-trading	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Mappin & Webb Limited	Non-trading	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Goldsmiths Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
WoS Dormant 1 Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
WoS Dormant 2 Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Aurum Insurance (Guernsey) Limited**	Captive insurance company	Guernsey	Heritage Hall, Le Marchant Street, St Peter Port, Guernsey GY1 4JH	Ordinary	100%
Watches of Switzerland Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary & Redeemable preference	100%
Aurum Pension Trustees Limited	Pension trustee company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Watches of Switzerland Group USA Inc	Holding company	USA	108 West 13th Street, Wilmington, County of New Castle, Delaware DE 19801	Ordinary	100%
Watches of Switzerland (Nevada) LLC	Retailer	USA	3131 Las Vegas Boulevard South, Suite #11, Las Vegas NV 89109	Ordinary	100%
Watches of Switzerland Retailer (A/S) LLC	Retailer	USA	108 West 13th Street, Wilmington, County of New Castle Delaware DE 19801	Ordinary	100%
Watches of Switzerland LLC	Retailer	USA	187 Wolf Road, Suite 101, Albany, New York NY 12205	Ordinary	100%
Watches of Switzerland (A/S) LLC	Retailer	USA	187 Wolf Road, Suite 101, Albany, New York NY 12205	Ordinary	100%
Mayors Jewellers LLC	Retailer	USA	108 West 13th Street, Wilmington, County of New Castle Delaware DE 19801	Ordinary	100%
Mayors Jewellers Florida LLC	Retailer	USA	1200 South Pine Island Road, Plantation, Florida 33324	Ordinary	100%
WOSG (Ireland) Limited	Non-trading	Ireland	Suite 3 One Earlsfort Centre Lower Hatch Street Dublin 2, Dublin, D02 X288, Ireland	Ordinary	100%
Watches of Switzerland Group (Denmark) Aps	Non-trading	Denmark	Store Kongensgade 68, 1264 København K, Denmark	Ordinary	100%
Watches of Switzerland Group (Sweden) AB	Non-trading	Sweden	Birger Jarlsgatan 12, 114 34 Stockholm	Ordinary	100%
Watches of Switzerland Group (Netherlands) BV	Non-trading	Netherlands	Herikerbergweg 88, 1101CM Amsterdam	Ordinary	100%
Watches of Switzerland Group (Finland) OY	Non-trading	Finland	Oy Vanha Kaarelantie 33 A 01610 Vantaa Finland	Ordinary	100%

* Investment in Jewel UK Midco is directly held. All other investments are indirectly held.

** Results of this company are fully taxable in the UK as a controlled foreign company.

All subsidiary undertakings are included in the Group Consolidated Financial Statements. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held.

Investment in subsidiaries at the period end was as follows:

	1 May 2022 £m	2 May 2021 £m
Investment in subsidiaries	**471.9**	471.9

Investments in company undertakings are recorded at cost, which is the fair value of the consideration paid.

C3. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 May 2022 £m	2 May 2021 £m
Amounts owed by Group undertakings	**2.7**	0.3

C4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1 May 2022 £m	2 May 2021 £m
Amounts owed to Group undertakings	–	(2.7)
Other creditors	(6.7)	–
	(6.7)	**(2.7)**

Amounts owed to Group undertakings in the prior year were unsecured and repayable on-demand.

At the end of the period the Group purchased £6.7m of own shares to satisfy management LTIP awards which will vest in FY23. The shares were purchased by an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach, which in substance, accounts for the Trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

C5. FINANCIAL INSTRUMENTS

	1 May 2022 £m	2 May 2021 £m
FINANCIAL ASSETS - HELD AT AMORTISED COST		
Amounts owed by Group undertakings	2.7	0.3
Cash at bank and in hand	0.3	0.3
	3.0	**0.6**
FINANCIAL LIABILITIES - HELD AT AMORTISED COST		
Amounts owed to Group undertakings	–	(2.7)
Other creditors	(6.7)	–
	(6.7)	**(2.7)**

C6. EQUITY

On 30 May 2019, the Company was re-registered as a public limited company under the Companies Act 2006. On 4 June 2019, the Company was admitted for listing on the London Stock Exchange. The Company issued 57,455,554 shares for £2.70 each with a nominal value of 1.25p recognising additional share capital of £718,000 and share premium of £154,412,000.

	Nominal value £	Shares	Share capital £m	Share premium £m	Other reserves £m
As at 2 May 2021	**0.0125**	**239,455,554**	**3.0**	**147.1**	**–**
Issuance of share capital	0.0125	114,743	–	–	–
Purchase of own shares	–	–	–	–	(6.7)
As at 1 May 2022	**0.0125**	**239,570,297**	**3.0**	**147.1**	**(6.7)**

Share capital
114,743 ordinary shares of 1.25p nominal value were issued in the period to satisfy the employee free share award.

Share premium account
This reserve represents the amount of proceeds received for shares in excess of their nominal value of 1.25p per share.

Other reserves
At the end of the period the Group purchased £6.7m of own shares to satisfy management incentives which will vest in FY23. The shares were purchased by an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach, which in substance, accounts for the Trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

C7. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions under FRS 102.33 'Related Party Transactions' for wholly owned subsidiaries not to disclose intra-group transactions.

C8. SHARE-BASED PAYMENTS

Details of the Company's share-based payments are disclosed within note 22 in the Consolidated Financial Statements.

GLOSSARY

ALTERNATIVE PERFORMANCE MEASURES

The Directors use alternative performance measures (APMs) as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measures.

The majority of the Group's APMs are on a pre-IFRS 16 basis. This aligns with the management reporting used to inform business decisions, investment appraisals, incentive schemes and banking covenants.

4-Wall EBITDA
Net margin less showroom costs.

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

Reconciliation to IFRS measures

£million	FY22	FY21	FY20
Revenue	1,238.0	905.1	810.5
Cost of inventory expensed	(774.4)	(575.8)	(510.6)
Other inc. supplier incentives	7.0	3.0	4.8
Net margin	**470.6**	**332.3**	**304.7**
Showroom costs	(226.7)	(166.6)	(178.2)
4-Wall EBITDA	**243.9**	**165.7**	**126.5**

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

Adjusted Earnings Before Interest and Tax (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 Consolidated Income Statement. Shown on a continuing basis and before the impact of IFRS 16.

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

Reconciliation to IFRS measures
Reconciled in note 2 of the 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 9 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	FY22	FY21	FY20
Segment profit (as reconciled in note 2 of the Consolidated Financial Statements)	130.3	77.6	55.9
Net finance costs (note 7)	(15.9)	(18.2)	(46.8)
IFRS 16 lease interest (note 12)	12.2	12.7	11.8
Exceptional finance costs	–	–	28.5
Adjusted profit before tax	**126.6**	**72.1**	**49.4**

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

Why used
Measure of sales performance.

Reconciliation to IFRS measures
Not applicable.

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

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

Reconciliation

	(£/US$ million)
FY22 Group Revenue (£)	1,238.0
FY22 US Revenue (US$)	578.9
FY22 US Revenue (£) @ FY22 Exchange rate	428.4
FY22 US Revenue (£) @ FY21 Exchange rate	435.0
FY22 Group Revenue (£) at Constant currency	**1,244.6**
FY22 Exchange rate	£1 : US$1.351
FY21 Exchange rate	£1 : US$1.331

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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
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 19 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	FY22	FY21	FY20
Net increase in cash and cash equivalents	26.5	4.8	37.0
Net financing cash flow	55.7	143.4	(1.5)
Interest paid	(2.7)	(4.5)	(11.6)
Lease payments (IFRS 16)	(53.0)	(56.7)	(36.4)
Acquisition of business combinations	44.1	1.4	31.1
Exceptional costs*	0.5	0.2	5.0
Expansionary capex	41.0	21.1	27.2
Free cash flow	**112.1**	**109.7**	**50.8**

* Included within exceptional items is the cash impacting exceptional items of £0.5m of professional and legal expenses on business combinations (as per note 4). In FY21, this included £0.2m of professional and legal expenses on business combinations. In FY20, this included £0.3m of professional and legal expenses on business combinations, £2.0m bonus paid to employees on IPO and £2.6m professional and legal fees relating to the IPO.

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 £112.1 million divided by Adjusted EBITDA of £162.2 million shown as a percentage.

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

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

Reconciliation to IFRS measures
Refer to 4-Wall EBITDA.

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

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

Reconciliation to IFRS measures
Adjusted EBIT of £130.3m divided by the average capital employed, which is calculated as follows:

£million	FY22	FY21	FY20
Pre-IFRS 16 total assets	741.3	576.6	595.7
Pre-IFRS 16 current liabilities	(209.4)	(156.6)	(229.3)
Capital employed	531.9	420.0	366.4
Average capital employed	**475.9**	**384.7**	

OTHER DEFINITIONS

Expansionary capital expenditure/capex
Expansionary capital expenditure relates to new showrooms, 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.

Showroom maintenance capital expenditure/capex
Capital expenditure which is not considered expansionary.

IFRS 16 Adjustments

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

FY22 Consolidated Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	**1,238.0**	**-**	**-**	**1,238.0**
Net margin	**470.6**	**-**	**-**	**470.6**
Showroom costs	(226.7)	47.2	–	(179.5)
4-Wall EBITDA	**243.9**	**47.2**	**-**	**291.1**
Overheads	(73.3)	–	(2.0)	(75.3)
EBITDA	**170.6**	**47.2**	**(2.0)**	**215.8**
Showroom opening and closing costs	(8.4)	5.6	–	(2.8)
Adjusted EBITDA	**162.2**	**52.8**	**(2.0)**	**213.0**
Depreciation, amortisation, loss on disposal, impairment of fixed assets and lease modifications	(31.9)	(39.4)	0.4	(70.9)
Adjusted EBIT (Segment profit)	**130.3**	**13.4**	**(1.6)**	**142.1**
Net finance costs	(3.7)	(12.2)	–	(15.9)
Adjusted profit before tax	**126.6**	**1.2**	**(1.6)**	**126.2**
Adjusted basic Earnings Per Share	**41.8p**	**0.8p**	**(0.4)p**	**42.2p**

FY21 Consolidated Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	**905.1**	**-**	**-**	**905.1**
Net margin	**332.3**	**-**	**-**	**332.3**
Showroom costs	(166.6)	48.0	–	(118.6)
4-Wall EBITDA	**165.7**	**48.0**	**-**	**213.7**
Overheads	(55.8)	–	(4.9)	(60.7)
EBITDA	**109.9**	**48.0**	**(4.9)**	**153.0**
Showroom opening and closing costs	(4.5)	2.7	–	(1.8)
Adjusted EBITDA	**105.4**	**50.7**	**(4.9)**	**151.2**
Depreciation, amortisation, loss on disposal, impairment of fixed assets and lease modifications	(27.8)	(37.3)	(4.2)	(69.3)
Adjusted EBIT (Segment profit)	**77.6**	**13.4**	**(9.1)**	**81.9**
Net finance costs	(5.5)	(12.7)	–	(18.2)
Adjusted profit before tax	**72.1**	**0.7**	**(9.1)**	**63.7**
Adjusted basic Earnings Per Share	**23.8p**	**0.4p**	**(3.1)p**	**21.1p**

FY22 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	177.8	–	177.8
Property, plant and equipment	113.8	(1.3)	112.5
IFRS 16 right-of-use assets	–	293.6	293.6
Inventories	307.0	–	307.0
Trade and other receivables	31.1	(8.8)	22.3
Trade and other payables	(232.7)	31.3	(201.4)
IFRS 16 lease liabilities	–	(340.6)	(340.6)
Net debt	(14.1)	–	(14.1)
Other	(6.1)	10.3	4.2
Net assets	**376.8**	**(15.5)**	**361.3**

FY21 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	150.6	–	150.6
Property, plant and equipment	93.4	0.3	93.7
IFRS 16 right-of-use assets	–	253.7	253.7
Inventories	226.4	–	226.4
Trade and other receivables	17.7	(7.3)	10.4
Trade and other payables	(178.4)	26.6	(151.8)
IFRS 16 lease liabilities	–	(301.4)	(301.4)
Net debt	(43.9)	–	(43.9)
Other	1.6	11.0	12.6
Net assets	**267.4**	**(17.1)**	**250.3**

SHAREHOLDER INFORMATION FOR WATCHES OF SWITZERLAND GROUP PLC

COMPANY
Watches of Switzerland Group PLC

Registered office address
Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT
Registered in England and Wales

Company Number: 11838443
VAT number: 834 8634 04

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Corporate solicitors
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HSBC Bank plc , Level 2, 8 Canada Square, London E14 5HQ

Financial PR
Headland PR Consultancy LLP, Cannon Green, 27 Bush Lane, London, EC4R 0AA

FINANCIAL CALENDAR

Q1 FY23 Trading Update:	16 August 2022
AGM:	1 September 2022
H1 FY23 Results:	December 2022
Q3 FY23 Trading Update:	February 2023
Financial year end:	April 2023

ANNUAL GENERAL MEETING
The AGM will be held at 2.30pm on Thursday 1 September 2022 at our offices at 36 North Row, London, W1K 6DH. The Notice of Meeting which accompanies this report and accounts sets out the business to be transacted.

SHAREHOLDING INFORMATION

Registrars
Please contact our registrar Equiniti directly for all enquiries about your shareholding. Visit their website shareview.co.uk for online information about your shareholding. You will need your shareholder reference number which can be found on your share certificate or telephone the Registrar direct on +44 (0)371 384 2577. The overseas shareholder helpline number is +44 (0)371 384 2577. Lines are open 8.30am to 5.30pm Monday to Friday.

For more information see thewosgroupplc.com/investors/shareholder-contacts.

FORWARD LOOKING STATEMENTS
Cautionary statement: The Annual Report and Accounts contains certain forward looking statements with respect to the operations, performance and financial conditions of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward looking statements reflect knowledge and information available at the date of preparation of this Annual Report and Accounts and the Company undertakes no obligation to update these forward looking statements. Nothing in this Annual Report and Accounts should be construed as a profit forecast. Certain regulatory performance data contained in this Annual Report and Accounts is subject to regulatory audit.

TERMS USED IN THIS REPORT
The term 'Group' means Watches of Switzerland Group PLC (Company registration number 11838443) and its subsidiaries.

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