THE
WATCHES
OF SWITZERLAND
GROUP

ANNUAL REPORT AND ACCOUNTS 2021

CONTENTS

We are the leading luxury watch specialist in the UK with a significant presence in the US

Our success is based on strong, long-standing partnerships with the most prestigious luxury watch brands, supported by impactful marketing and powered by leading-edge technology to provide our customers with a modern, distinctive luxury experience.

READ MORE:
thewosgroupplc.com

STRATEGIC REPORT

GOVERNANCE REPORT

FINANCIAL STATEMENTS

A SUCCESSFUL YEAR DESPITE SIGNIFICANT HEADWINDS

We delivered on our strategy with another strong performance during the year, continuing to prove the value of our highly differentiated model.

Our teams have adapted and stepped up to the challenges and opportunities with inspirational enthusiasm and positivity.

Our strategy is working in the US where our growth has been outstanding. In the UK, we delivered a robust performance, overcoming approximately 26 weeks of store closures and significantly reduced travel and tourism.

We are proud to be launching The Watches of Switzerland Group Foundation, with the initial Group donation to the Foundation of £1.5 million and an additional £1.5 million planned in FY22.

Looking ahead, we are confident in our plans to continue investing for growth and to enhance our leading position in the UK and become a clear leader in the US.

READ MORE:
A YEAR IN REVIEW
PAGE 04
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The Watches of Switzerland Group is a globally recognised specialist of luxury watches with a complementary luxury jewellery offering, and a rich history of long-standing partnerships with prestigious brands including Rolex, Patek Philippe, Audemars Piguet, Cartier, OMEGA, TAG Heuer, Breitling and Tudor.

The Group has a market leading position in the UK luxury watch market and has established a significant presence in the US market, where it aims to become a leader.

THE GROUP'S TOP EIGHT BRANDS

ROLEX · PATEK PHILIPPE GENEVE · AUDEMARS PIGUET Le Brassus · Cartier · OMEGA · TAG Heuer · BREITLING 1884 · TUDOR

PURPOSE

To provide the highest level of customer service by well-trained, expert colleagues in luxurious and welcoming store environments and state-of-the-art online sites, and by partnering with the most prestigious luxury watch brands and jewellery brands, all supported by leading-edge technology and bold, impactful marketing.

WELL-INVESTED STORE NETWORK

148
TOTAL STORES (EXCLUDING NON-CORE[1]) AS AT 2 MAY 2021

67%
REVENUE FROM THE UK

33%
REVENUE FROM THE US

HIGHLIGHTS

REVENUE:

£905.1m

CHANGE VS LY (AT CONSTANT CURRENCY)[1]:

+13.3%

RETURN ON CAPITAL EMPLOYED[2]:

19.7%

CHANGE VS LY:

+390bps

ADJUSTED EBIT[2]:

£77.6m

CHANGE VS LY:

+38.9%

OPERATING PROFIT:

£81.9m

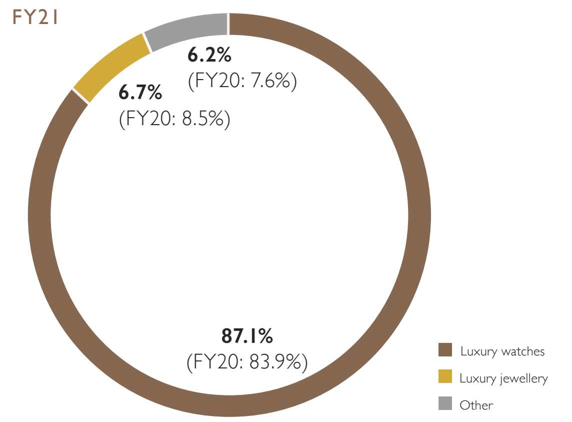
CHANGE VS LY:

+69.5%

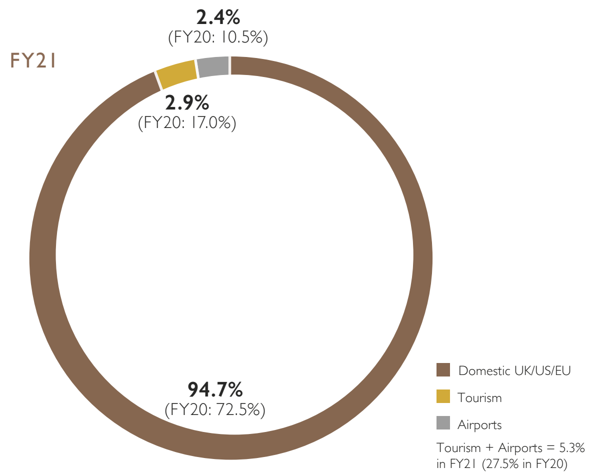
PROVEN TRACK RECORD AND MARKET LEADING PROPOSITION

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 brands. Approximately 82% of FY21 Group revenue is represented by the top eight brands
3. Multi-channel specialist with a leading UK position and a significant and growing position in the US in luxury watches which has high barriers to entry, robust demand, proven value creation and supply-driven dynamics
4. Significant presence in the US and scale and national coverage in the UK, with well-invested stores providing an exceptional customer experience through welcoming and expert service and luxurious, open, contemporary, spacious with browsable environments
5. Bold, impactful marketing focused on digital communications, Customer Relationship Management (CRM), customer experience and co-operative activity with brand partners
6. State-of-the-art SAP-based IT systems supporting all stores and websites in the UK and in the US
7. 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

SALES BY CATEGORY



SALES BY CUSTOMER SEGMENT



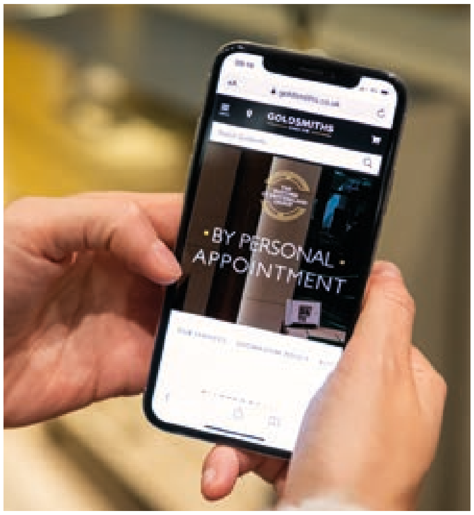
BRAND AWARENESS: 2012, 2021

	UK		US
	Total awareness		Total awareness
	2012	2021	2020/21
Watches of Switzerland	46%	68%	84%
Mappin & Webb	35%	64%	
Goldsmiths	84%	96%	
Mayors			93%

UK Source: Pragma Watch and Jewellery Survey 2012 & ID Consulting Consumer Brand Awareness for the Watches of Switzerland Group April 2021. US Source: Schlesinger Watches of Switzerland Brand Research July 2020 conducted in NYC, with focus on the tri-state area; Mayors Brand Research September 2020.

1 Refer to the Glossary on pages 216 to 217 for definition.
2 This is an Alternative Performance Measure. Refer to the Glossary on pages 216 to 217 for definition and reconciliation of statutory measures where relevant.

During a year of significant challenges, we were highly active, reacting with agility and innovation to a changing retail landscape. We found new ways of engaging with our customers and doing business, despite our stores being closed or disrupted for a significant portion of the year.



MAY 2020

TECHNOLOGY

People – Enhanced e-learning and development initiatives introduced

PRODUCT LAUNCHES

GS
Grand Seiko

Toge WOSG exclusive watch launched with a virtual customer event

JUNE

PRODUCT LAUNCHES

HUBLOT

Classic Fusion WOSG exclusive watch launched with a virtual customer event

JULY

TECHNOLOGY

UK "BY PERSONAL APPOINTMENT" LAUNCH

Real-time online booking system for both in-store and virtual appointments

STORE OPENINGS

UK – First Rolex mono-brand boutique in Scotland (Glasgow)

Three new TAG Heuer mono-brand boutiques

US – Grand Seiko pop-up

AUGUST

PRODUCT LAUNCHES

Geneva Watch Days – Trade Fair: Full marketing activity across our platforms

SEPTEMBER

PRODUCT LAUNCHES

ROLEX

Novelties launched via virtual client events, including new Datejust 31mm, Oyster Perpetual Submariner and Oyster Perpetual joyful colour dials

TECHNOLOGY

US – ecommerce digital marketing launch

STORE OPENINGS

UK –First Tudor mono-brand boutique in Europe

OCTOBER

TECHNOLOGY

LUXURY WATCH VIRTUAL BOUTIQUE LAUNCH

Team recruited from our airport stores to ensure exceptional customer service

UK STORES WERE CLOSED FOR APPROXIMATELY 26 WEEKS OF THE FINANCIAL YEAR

STORE OPENINGS

UK

Watches of Switzerland Broadgate

Watches of Switzerland Knightsbridge expansion and refurbishment

PEOPLE

Over 45,000 e-learning training modules completed in the UK and the US

PRODUCT LAUNCHES

BREITLING 1884

Exclusive Breitling Premier B01 Chronograph 42 watch launched

TECHNOLOGY

CLICK & COLLECT

Relaunch during UK lockdown

TECHNOLOGY

UK LUXURY JEWELLERY VIRTUAL BOUTIQUE LAUNCH

PRODUCT LAUNCHES

MAYORS

US – New jewellery campaign launch

PRODUCT LAUNCHES

PATEK PHILIPPE GENEVE

Nautilus 5711/1A-014 launched (final 5711 version to be produced)

NOVEMBER | DECEMBER | JANUARY 2021 | FEBRUARY | MARCH | APRIL

TECHNOLOGY

UK – Launch of Tudor online

TECHNOLOGY

US

"BY PERSONAL APPOINTMENT" LAUNCH

STORE OPENINGS

US – Eight mono-brand boutiques (TAG Heuer, OMEGA, Breitling) opened in five locations

STORE OPENINGS

UK – Three mono-brand boutiques opened in two locations, including the first Breitling boutique in Scotland (Glasgow)

PRODUCT LAUNCHES

Watches & Wonders – Trade Fair:

Full marketing activity across our platforms

US STORES WERE CLOSED FOR APPROXIMATELY FOUR WEEKS OF THE FINANCIAL YEAR


CARTIER
UTOMATIC

STRATEGIC REPORT

CHAIR'S STATEMENT

First and foremost, I would like to thank our incredible colleagues for their unwavering spirit, commitment and hard work which this year have been truly unbelievable. In addition, I am thankful for the ongoing support of our shareholders which have been invaluable during the social and economic impact of the COVID-19 pandemic.

The business has performed strongly against a backdrop of unprecedented challenges and headwinds. We delivered on our financial guidance and achieved another strong year of profitable growth, despite facing significant disruption to our business, including prolonged periods of store closure and reduced travel spend and airport business in the UK as well as significantly lower store traffic in both the UK and the US. We have continued to adapt, innovate, develop and expand in both the UK and the US and we have further cemented our leadership position in the UK whilst continuing to develop and expand our presence in the US, which now represents 33% of Group revenue. We have further enhanced our brand partnerships, led by Rolex, through continued cross-departmental collaboration, spanning areas including product launches, merchandising, distribution opportunities, marketing initiatives and learning and development programmes. We introduced a new Rolex Academy programme in which 600 of our UK colleagues participated. Our strategy is working and we are executing well against our objectives.

“I am delighted to have joined a truly *fantastic business* which has all the components for *sustained, long term growth*.”

IAN CARTER
CHAIR

I am thrilled to have joined the Watches of Switzerland Group as Chair in November 2020, at the beginning of the second half of the financial year. At that stage, the Group had only been a publicly listed company for a short amount of time but had already developed a strong reputation and established a compelling and differentiated equity story with clear growth opportunities. My early impressions since joining have further confirmed this view, particularly given our dynamic, motivated team, with a clear view of both organic and inorganic growth opportunities ahead.

The Group's success to date is testament to having a robust business model. We have a leading position in the luxury watch category, which has high barriers to entry and is supported by unique characteristics which have underpinned a track record of long term growth. We have strong, long-standing and collaborative partnerships with the brands we represent. Our luxury jewellery range is highly complementary to luxury watches, adding a different dimension to the business and appealing to a wider audience. Through consistent investment in our multi-channel offer and in the development of our colleagues, we are able to offer a truly exceptional customer experience, backed by leading-edge systems.

In a year of much disruption, our performance was made possible by the unrelenting dedication of our colleagues who embraced the challenges faced with enthusiasm and agility. We are pleased to have maintained full employment and salaries throughout lockdown and disrupted trading periods whilst having fully addressed the health and safety of both colleagues and customers, creating a safe environment for people to return to work and shop.

We are proud to have made our first appearance in the Hampton-Alexander Report, which provides a ranking to FTSE 100 and FTSE 250 companies based on the gender composition of the Board, Executive Committee and their direct reports. In its final report, the Group ranked number 98 in the FTSE 250 Index for 'Women on Boards and in Leadership'.

We are excited about the future for many reasons. We plan to continue to build on our market leading position in the UK through further enhancement of the store portfolio, including the Goldsmiths Luxury concept roll-out, the mono-brand boutique network expansion and select multi-brand store opportunities such as the store planned in Battersea, as well as further development of our online capabilities, supported by investment in systems and bold marketing initiatives. Our US growth opportunity is significant and we plan to leverage our UK experience to become clear leaders in the US market through continued elevation of the network, expansion of the store portfolio and building out of the recently launched ecommerce platform. Our organic growth initiatives are likely to be complemented by selective acquisitions.

I am confident that through consistent levels of investment in the business and execution of the strategy, 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

DEMAND EXCEEDS SUPPLY FOR KEY BRANDS

Limited supply capacity for brands e.g. Rolex, Patek Philippe, Audemars Piguet

HIGH BARRIERS TO ENTRY

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

LITTLE THREAT OF DIGITAL PUREPLAY DEVELOPMENT

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

STRONG VALUE RETENTION

Rarity, innovation, craftsmanship and precious materials support brand positioning; some products considered investment asset class

SPECIALIST CATEGORY

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

IN THE MARKET REVIEW SECTION:

THE LUXURY WATCH MARKET HAS A STRONG TRACK RECORD OF GROWTH

HIGHLIGHTS

$47.1bn

(£33.6bn) 2019 VALUE OF GLOBAL RETAIL SALES OF LUXURY WATCHES[1]

92%

LUXURY WATCHES AS % OF 2020 GLOBAL SWISS WATCH EXPORTS

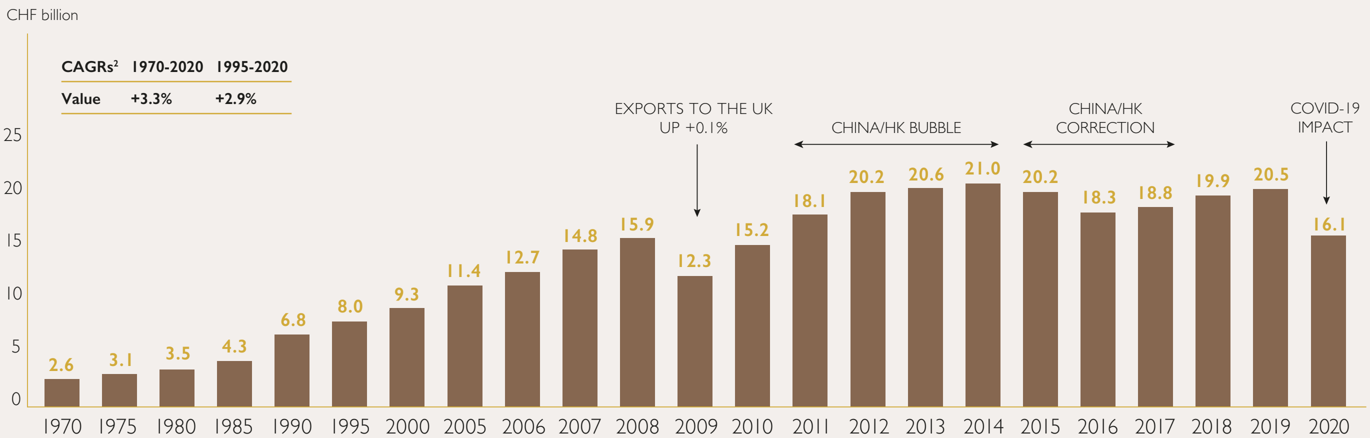
The luxury watch industry is well protected with high barriers to entry and a track record of consistent long term growth, underpinned by sustained investment and elevated innovation.

The Group estimates global retail sales of luxury watches were approximately $37.8 billion in 2020 (£26.9 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 average selling price of Swiss watch exports (wholesale) generating a 20-year CAGR of +3.4% (2020 vs 2000).

Watches at the luxury end of the market have outperformed lower priced segments and represent 91.6% of the value of global Swiss watch exports in 2019; note in 2000, luxury watches represented 38.7% of the value of all Swiss watch exports.

RESILIENT LONG TERM GROWTH IN SWISS WATCH EXPORTS



Source: Federation de l'Industrie Horlogère Suisse (FH)

1 Company estimates based on Swiss luxury watch exports (wholesale price CHF 500+) grossed up to retail price; includes repairs and non-Swiss luxury brands.
2 Refer to the Glossary on pages 216 to 217 for definition.
3 OC&C Luxury Watch Consumer Survey May 2017 across overall luxury watch customers (2,356 respondents) for luxury watches purchased between 2013 and 2017.
4 The Watches of Switzerland Group customers only.

DISCIPLINED DISTRIBUTION MANAGEMENT THROUGH SELECTIVE DISTRIBUTION AGREEMENTS

Distribution of luxury watches takes place under selective distribution agreements entered into with brands, which are ordinarily limited by geography, awarded on a point of sale basis and which ensure retailers maintain strict presentation standards. Selective distribution agreements enable brands to control the number of points of sale and qualitative criteria on retailer approval. Product presentation and customer experience are closely monitored by the brand owners.

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

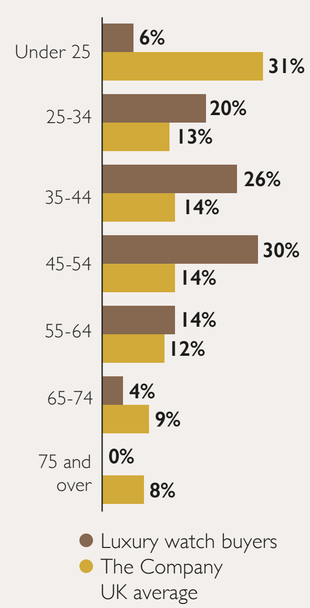
LOYAL, DIVERSE, MULTI-GENERATIONAL CUSTOMER BASE

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

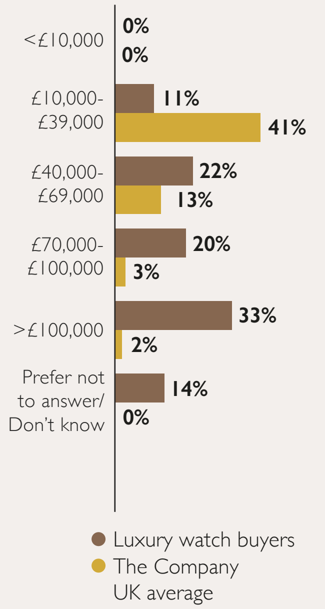
Store design, marketing and customer service of the Group appeal to a broad demographic audience.

Demand for luxury watches has also driven the pre-owned market which provides liquidity and enhances value preservation of the category as a whole.

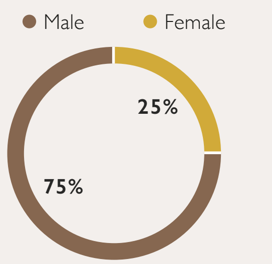
AGE PROFILE[3]



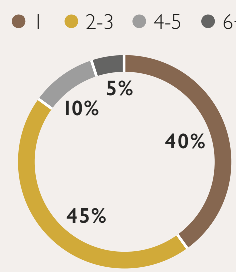
INCOME PROFILE[3]



GENDER PROFILE[4]



FREQUENCY PROFILE[3]



Source: Company information, OC&C.

Note: UK customers only.
3 OC&C Luxury Watch Consumer Survey May 2017 across overall luxury watch customers (2,356 respondents) for luxury watches purchased between 2013 and 2017.
4 The Watches of Switzerland Group customers only.

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. Rolex, Patek Philippe and Audemars Piguet have limited production capacity which does not meet market demand.

The industry is concentrated amongst the top independent brands and three luxury groups. Long term growth has been underpinned by increased average selling price (ASP), positive mix effects and limited volume increases.

ROLEX

PATEK PHILIPPE GENEVE

AUDEMARS PIGUET Le Brassus

Cartier

OMEGA

TAG Heuer

BREITLING 1884

TUDOR

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.

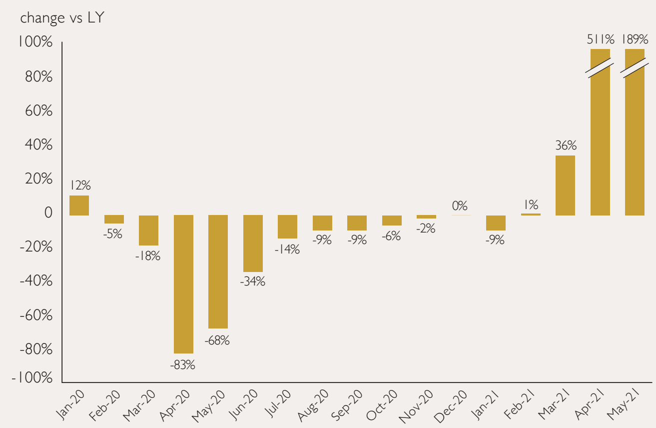
The watch fair calendar and methods of unveiling and launching products have been affected by COVID-19, with the virtual format enabling brands to launch new products with more frequency, accompanied by relevant marketing support. The Watches and Wonders fair, which was due to be a physical event taking place in April 2020 and April 2021, transitioned to virtual formats, the sector's first such experience. A smaller fair, Geneva Watch Days, was held in August 2020 alongside some of the major brands' own less formal events. This was followed in quick succession by the Watches and Wonders virtual fair in April 2021 during which many brands participated and introduced another wave of newness and advancement. Patek Philippe unveiled a number of novelties throughout the year.

As a result of this revised timing of the major watch fairs, 2021 has benefitted from a good level of product introduction and innovation. In addition, the shift to a virtual model of product introduction and launch has enabled the brands to adopt an efficient, calendar-focused approach with new products introduced and delivered quickly, allowing for effective marketing support.

The market continues to recover following the impact from the COVID-19 shutdown.

During an unusual year due to the COVID-19 pandemic, the luxury watch industry has been resilient and agile, recovering from the closure of production facilities during lockdown in 2020. The global market for exports has experienced a significant increase in mainland China, now the leading market. Conditions in mainland Europe have remained challenging, whilst the UK has outperformed. The US, the second largest market for exports, has been strong.

YOY CHANGE IN GLOBAL VALUE OF SWISS WATCH LUXURY[1] EXPORTS



1 Wholesale price CHF 500+
Source: Federation de l'Industrie Horlogère Suisse (FH)

THE UK AND THE US ARE TWO KEY MARKETS

The Group operates in the UK and the US, two of the most important markets for luxury watch exports.

READ MORE:
UK MARKET *PAGE 14*
US MARKET *PAGE 16*

THE UK MARKET

UK MARKET HIGHLIGHTS

5

2020 RANKING IN GLOBAL MARKETS FOR SWISS WATCH EXPORTS

£2.2bn

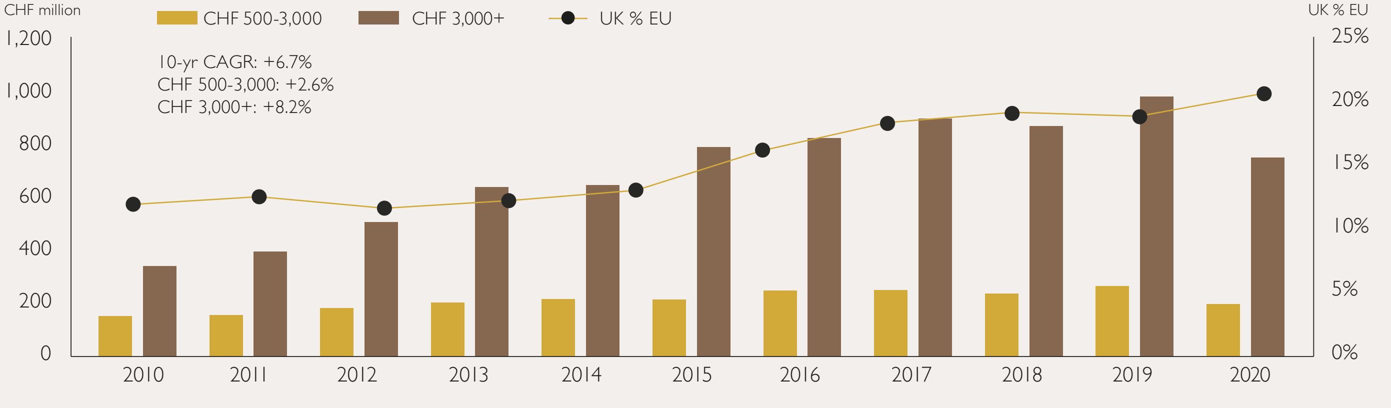
2019 LUXURY WATCH RETAIL SALES[1]

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 £1.7 billion in 2020 (£2.2 billion in 2019).

The UK market has been strong, a testament to a strong, well-invested multi-channel market and highly engaged and sophisticated domestic clientele which has typically had a preference for the sports luxury watch category. The UK has consistently grown at a faster pace relative to mainland Europe notwithstanding significant disruption from the COVID-19 pandemic.

Watches of Switzerland, Regent Street, London

VALUE OF LUXURY SWISS WATCH EXPORTS TO THE UK



Source: Federation de l'Industrie Horlogère Suisse (FH)

Breitling mono-brand boutique, Glasgow

In the period 2000 to 2020, the Group estimates luxury watch retail sales increased by a CAGR of +6.2% in the UK.

In FY21 the mix of sales in the UK was highly influenced by reduced tourist and airport traffic, increased domestic consumption and increased online sales.

TAG Heuer mono-brand boutique, Cardiff

THE US MARKET

US MARKET HIGHLIGHTS

2

2020 RANKING IN GLOBAL MARKETS FOR SWISS WATCH EXPORTS

$5.0bn

ESTIMATED 2019 LUXURY WATCH RETAIL SALES[1]

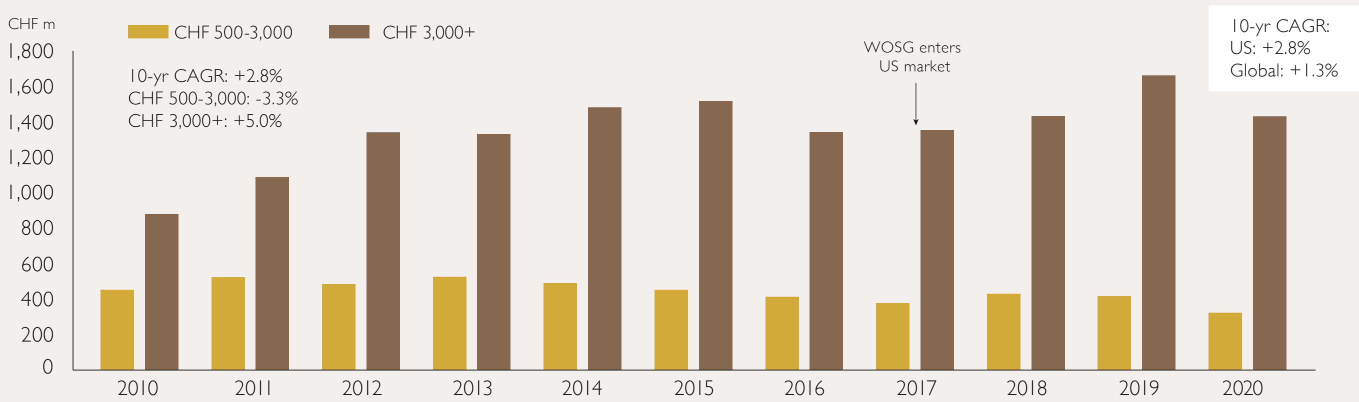
After a period of under-investment in the market leading up to 2018, the US has started to perform strongly and is today the second largest global market for Swiss watch exports. The Group estimates retail sales of luxury watches reached $4.2 billion in 2020 ($5.0 billion in 2019).

Despite recent growth, the US luxury watch market remains less than 40% of the level of the UK on a retail sales per capita basis.

US distribution is predominantly comprised of small, regional, independent retailers.

Mayors, Merrick Park, Coral Gables, Florida

VALUE OF LUXURY SWISS WATCH EXPORTS TO THE US

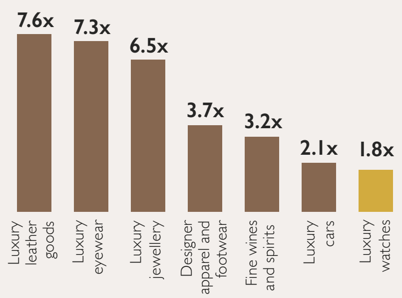


Source: Federation de l'Industrie Horlogère Suisse (FH)

OPPORTUNITIES IN THE US MARKET

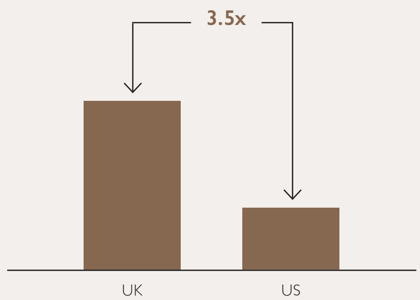
The US is an underdeveloped market for luxury watches

SIZE OF US MARKET RELATIVE TO THE UK



Source: 2017 Euromonitor data except for luxury watch data. Luxury watches based on 2020 GFK, NPD data.

LUXURY WATCH SALES PER CAPITA



Source: Luxury watch market value based on 2020 luxury Swiss watch exports, grossed up to retail sales. Population data based on 2020.

Watches of Switzerland, the Wynn Resort, Las Vegas

Watches of Switzerland, Greene Street, Soho, New York

> "Our strategy is working in the US, an attractive and under-invested market where we see a significant growth opportunity."
>
> BRIAN DUFFY
> CHIEF EXECUTIVE OFFICER

LUXURY JEWELLERY

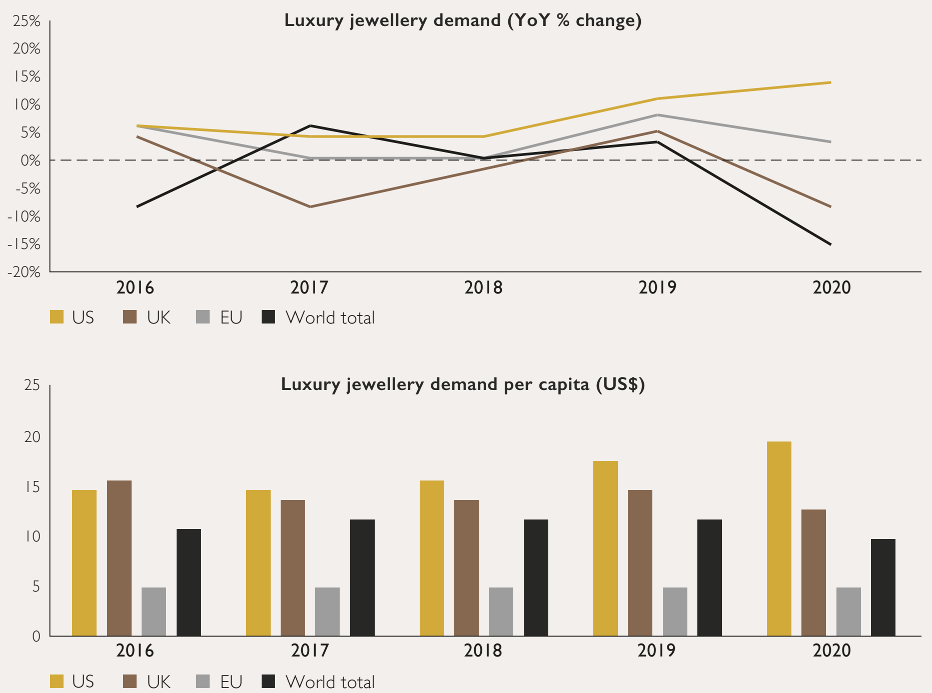
> “Our luxury watch business is complemented by a strong luxury jewellery offering as well as after-sales and servicing which we believe is an integral part of the exceptional customer experience we provide.”
>
> BRIAN DUFFY
> CHIEF EXECUTIVE OFFICER

The global luxury jewellery market is estimated to be worth $126.4 billion in 2020 (Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council) and has seen global trends towards the branded component of the market, which today represents approximately 30% of all luxury jewellery sales and is gaining share in the mix (Source: McKinsey).

The US and UK markets are among the largest globally on a per capita basis for luxury jewellery (Source: World Gold Council). In 2020, luxury jewellery retail sales in the US amounted to $10.6 billion whilst in the UK they amounted to $1.4 billion (both excluding sales tax).

The US is the strongest market in the Western world for luxury jewellery per capita with the category responding particularly well during COVID-19.

US AND UK ARE LARGE, STRONG MARKETS FOR LUXURY JEWELLERY



Source: 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 disproportionately important in terms of providing a luxury customer experience.

RISKS TO THE MARKET

SUPPLY OF FINISHED PRODUCT

Continued challenges on restricted supply from key brands.

GLOBAL COMMODITY SUPPLY DISRUPTION

Distribution in supply of key precious materials and components impacting luxury watch products.

CHANGE IN DISTRIBUTION STRATEGY

Change in distribution strategy of key brands to move towards a direct to consumer model, eliminating the intermediary retailer.

OUR BRAND PARTNERSHIPS

"Rolex should be seen as the one and only – the best" declared German-born British founder of Rolex, Hans Wilsdorf, in 1914, and his dream came true.

The story of the legendary watch house began nine years earlier, in 1905, when the ambitious 24-year old set out to create an elegant and reliable wristwatch in a time when these were still a rarity. The young pioneer's vision became a reality when he turned to a watchmaker in Bienne, Switzerland, who was able to provide the small, highly precise movements his innovative new creations required. By 1910, the company had produced the first watch ever to receive the Swiss Certificate of Chronometric Precision, and this was followed four years later by a Class A precision certificate, Class A being a quality previously reserved for marine chronometers. By 1919, Rolex, which had by then moved to Geneva, was firmly regarded as the watchmaker of both accuracy and innovation, having produced the first waterproof watch.

> "In 2019 we celebrated our centenary with Rolex with a series of customer events, commencing with an exclusive event for 100 customers at the Baltic Centre for Contemporary Art, Newcastle."

It was in 1919 that our partnership began with Rolex when we were selected to be a Rolex stockist at our Northern Goldsmiths store in Newcastle. Having first opened the store doors in 1892, a vast four-sided golden Rolex clock was installed above the store in 1937. We are proud that over 100 years later the store remains on the same corner of Blackett Street today, showcasing our long-standing partnership with Rolex.

In 2019 we celebrated our centenary with Rolex with a series of customer events, commencing with an exclusive event for 100 customers at the Baltic Centre for Contemporary Art, Newcastle; the town where the partnership between Rolex and the Watches of Switzerland Group began. In honour of the centenary, we partnered with Rolex to unveil 100 specially engraved Rolex watches and a donation from each watch sold raised money for the Prince's Trust to support disadvantaged young people across the UK.

We are privileged to partner with Rolex on seven mono-brand boutiques in prestigious locations in the UK and the US in the Wynn Resort, Las Vegas; Orlando, Florida; Glasgow, Scotland; and Bond Street, London as well as within Heathrow Airport, London. We also partner with Rolex in both the UK and the US on customer events and invest in co-operative marketing activity.

Mayors and Rolex Customer Event, Miami, April 2021

Rolex mono-brand boutique, Glasgow

PATEK PHILIPPE
GENEVE

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, Patek Philippe enjoys total creative freedom to entirely design, produce and assemble what experts agree to be the finest timepieces in the world following the vision of its founders Antoine Norbert de Patek (1839) and Adrien Philippe (1845). Thanks to its exceptional knowledge and understanding, Patek Philippe maintains a tradition of innovation hailed by an impressive repertoire of more than 100 patents.

Our relationship with Patek Philippe goes back over half a century, with some of our most important flagship stores showcasing a carefully selected range of the luxury timepieces available for our customers to browse and buy. In both the UK and US we are privileged to jointly partner on training our colleagues to the high standards of selling a Patek Philippe, investing in marketing and providing unique customer experiences such as events and client factory visits.

Watches of Switzerland, Hudson Yards, New York

AUDEMARS PIGUET
Le Brassus

Audemars Piguet mono-brand boutique, Mayors, Lenox Square, Atlanta

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

Since 1875, the company has written some of the finest chapters in the history of haute horlogerie, including a number of world firsts. In the Vallée de Joux, at the heart of the Swiss Jura Mountains, numerous masterpieces are created in limited series embodying a remarkable degree of horological perfection, including daring sporty models, classic and traditional timepieces, splendid ladies' jewellery-watches, as well as one-of-a-kind creations. The famous 1972 octagonal Royal Oak, the first luxury watch to be made of stainless steel, is widely recognised as one of the most important innovations in watchmaking.

Our partnership with Audemars Piguet has spanned more than five decades and we are privileged to partner on a mono-brand boutique at our Mayors store in Lenox Square, Atlanta, Georgia, US. In 2020, we featured the stunning Audemars Piguet Code 11.59 on the front cover of the US edition of our internal luxury watch magazine, Calibre.

Audemars Piguet mono-brand boutique, Mayors, Lenox Square, Atlanta

Cartier

Cartier boutique Watches of Switzerland, Regent Street, London

Known as a Maison (French for house), Cartier was established in 1847 in Paris by Louis-François Cartier.

Luxury French watch brand Cartier is arguably one of the most recognisable watch brands in the world due to their signature shapes, blue Roman numerals and crowns set with Cartier's signature deep blue cabochon sapphires that span many of their collections. Amongst many of their reputable feats, the Maison was responsible for the world's first modern wristwatch in 1904, the Santos, driven by advances in aviation and the Brazilian pilot Alberto Santos-Dumont. Cartier has since developed its own range of in-house watch movements and has led the way in creative watchmaking and developing iconic shapes as its signature.

We are fortunate to have had a partnership with Cartier spanning over 70 years that includes our own Cartier boutique housed within our flagship Watches of Switzerland store on Regent Street, London. Our experts are highly trained in all things Cartier, and we provide an exceptional service for those looking for pieces from this esteemed luxury watch brand. In 2020, to coincide with the opening of our new Watches of Switzerland store in Broadgate, London, we were proud to launch a pop-up Cartier exhibition.

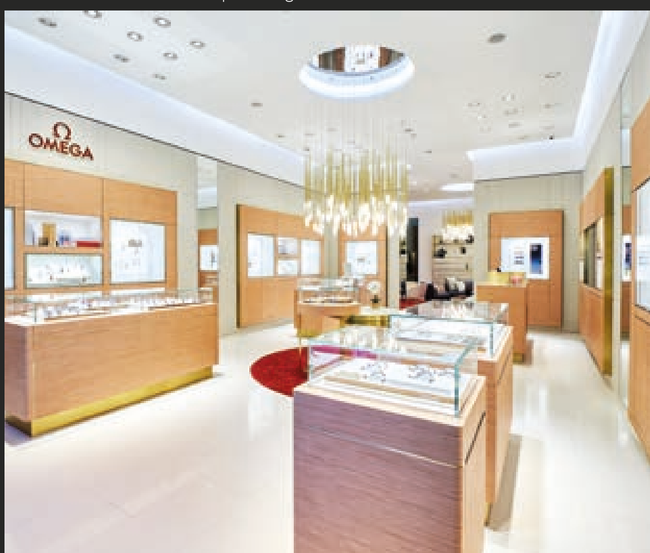
Cartier boutique Watches of Switzerland, Regent Street, London

OMEGA mono-brand boutique, Roosevelt Field Mall, Garden City, New York

OMEGA

The story of OMEGA began in a small workshop in the village of La Chaux-de-Fonds, Switzerland in 1848.

OMEGA mono-brand boutique, Glasgow



Before it was known as OMEGA, watchmaker Louis Brandt set up the company's first workshop, and specialised in assembling precision 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 and set out to carry on their father's legacy and laid the foundation of this iconic watch brand.

With a roll call of famous partnerships with NASA, James Bond and the Olympics, and milestones like travelling to the deepest depths of the ocean and to the moon and back, it is easy to see why OMEGA is one of the most highly sought-after brands in luxury watches.

Their record-breaking precision, reliability, versatility and stylish aesthetics are but a few of the features their timepieces possess, and we are proud to have been in partnership with this iconic brand since the 1950s. Our store teams are highly trained to become experts in all things OMEGA, taking our customers on an adventure through time and space with the brand's noteworthy history.

Not only do we stock the brand across our entire portfolio of stores, but we also extended our partnership further by opening OMEGA mono-brand boutiques in fantastic locations such as Bluewater in the UK, and in the Wynn Resort in Las Vegas. In 2020, we expanded our OMEGA mono-boutique partnership in the US with two new boutiques in New York and Florida.

TAG Heuer

TAG Heuer was established in 1860 in Saint-Imier by Edouard Heuer.

It was a time of technological advances and the demand for precise accuracy and detail was apparent across industries spanning from science to sports. Heuer designed and developed many remarkable pieces in his lifetime and the brand has embodied avant-garde, precision and bold style, that has marked the world history of the watch industry ever since.

Closely connected to motor racing, values of pioneering spirit and boldness shape the identity of TAG Heuer watches. Its rich heritage is built on pushing boundaries and breaking rules. All while harnessing mental strength to overcome technology restraints 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: High Performance, Mental Strength, Passion for Action and Swiss Avant-Garde.

We have a strong partnership with TAG Heuer that began over 40 years ago, and we are proud to work in partnership on several TAG Heuer mono-brand boutiques across both the UK and US. In the last year, we launched seven new mono-brand boutiques: the Roosevelt Field Mall, Garden City, New York, the King of Prussia Mall in Pennsylvania and the Gardens Mall, Palm Beach Gardens, Florida. In the UK, we opened TAG Heuer mono-brand boutiques in Watford, Oxford, Kingston upon Thames and Cardiff.

We also partner with TAG Heuer on collaborative marketing activities in both the UK and US, including in-store installations, digital marketing and customer events.

TAG Heuer mono-brand boutique, Cardiff

TAG Heuer in-store activation and customer event, Watches of Switzerland, Hudson Yards, New York

Breitling mono-brand boutique, King of Prussia Mall, Pennsylvania

BREITLING
1884

Since 1884, Breitling has established a global reputation for high-precision timepieces, its pioneering role in the development of the wrist chronograph, and its uncompromising commitment to design excellence.

Breitling Premier B01 Chronograph 42 –
Exclusive to the Watches of Switzerland Group

Renowned for its spirit of innovation, it has also earned a place of privilege in the worlds of science, sport and technology.

We have a long-standing relationship with Breitling which dates back to the 1980s and we are proud to work in partnership on Breitling mono-brand boutiques in locations such as the Trafford Centre, Manchester, in the UK, and the Wynn Resort in Las Vegas. In the last year, we have opened new mono-brand boutiques in the Bluewater Shopping Centre, Cardiff and Glasgow in the UK and in the US we opened three mono-brand boutiques in the King of Prussia Mall in Pennsylvania, Westfield Valley Fair Mall in Santa Clara, California, and the Green Hills Mall in Nashville, Tennessee.

In 2020, we evolved our partnership with Breitling further with the release of the Watches of Switzerland Group Exclusive Special Edition Breitling Premier B01 Chronograph 42. It combines function with style and high performance; a timepiece that is worthy of the legacies of both companies, as well as any watch collector. There were just 150 pieces released, making it a must-have in any collection.

Tudor mono-brand boutique, Westfield White City, London

TUDOR

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.

Wilsdorf acquired the exclusive usage rights from the dealer, and the brand Tudor as we know it was born.

The first piece released was a timepiece with all the style, character and robust high quality of its older sibling Rolex, but at a more accessible price point.

Since then, Tudor has grown into one of the most exciting and coveted brands, merging the best of classic watch design with dependable watchmaking practices, to produce some of the world's most exciting collections of contemporary dress and professional watches. Favourite models include the 1926, Pelagos and what many consider the quintessential Tudor design, the Black Bay.

We have had much success in our partnership with Tudor, so it was a natural evolution in collaborating with the brand on the first-ever Tudor mono-brand boutique in Europe. Based in London, the boutique houses some of the most iconic collections from the brand, including exclusive-to-the-boutique collections and pieces like the Tudor Royal collection.

PANERAI

Founded in Florence in 1860 as a workshop, shop and school of watchmaking, for many decades Panerai supplied the Italian Navy in general, and its specialist diving corps in particular, with precision instruments.

The designs developed by Panerai in that time, including the Luminor and Radiomir, were covered by the Military Secrets Act for many years and were launched on the international market only after the brand was acquired by the Richemont Group in 1997.

Today Panerai develops and crafts its movement and watches at its Neuchâtel manufacture. The latter are a seamless melding of Italian design flair and history with Swiss horological expertise.

We have enjoyed a partnership spanning over 25 years and continually work with the brand on immersive and interesting pop-ups and in-store events. The brand features prominently in some of our key stores such as the newly refurbished Watches of Switzerland Knightsbridge store and the recently opened Watches of Switzerland Broadgate store.

Panerai at Watches of Switzerland, the Wynn Resort, Las Vegas

HUBLOT

Born out of founder Carlo Croco's desire to create his own watch in the 1970s, luxury Swiss watch brand Hublot (French for "porthole") was founded in 1980, and instantly became world-renowned for its innovative rubber strap – never before seen in the watch industry.

Ever since, the brand has continued to pioneer watches with novel cases and materials, calling it 'The Art of Fusion' in which traditional watchmaking techniques are combined with modern innovation.

We have enjoyed over 30 years of collaboration with Hublot, and 2020 was the most exciting year to date with new developments. We expanded Hublot's boutique presence to 18 Watches of Switzerland Group stores in the UK, and four in the US, allowing our customers to immerse themselves into the Hublot experience with our highly trained experts in store. Upon entering the new Hublot areas, visitors are greeted by the unique 'Art of Fusion' inspired Hublot décor.

We also saw the launch of a second collaborative timepiece in 2020. The Classic Fusion Aerofusion Chronograph 'Watches of Switzerland Group' Special Edition 45mm is available exclusively through our stores in the UK and the US, and was highlighted in the 2020 edition of our internal luxury watch magazine, Calibre.

Hublot at Watches of Switzerland, the Wynn Resort, Las Vegas

IWC
SCHAFFHAUSEN

Boston watchmaker, Florentine Ariosto Jones, founded IWC Schaffhausen in 1868, bringing together progressive American production techniques and the skilled craftsmanship of Swiss watchmakers, in order to create world class timepieces that are of the highest standard, both aesthetically and functionally.

Today, IWC Schaffhausen has gained an international reputation based on a passion for providing exquisite timepieces that embrace the very latest timekeeping innovations and styling. As a result, IWC Schaffhausen is now one of the world's leading brands with a reputation for creating watches that combine supreme precision and exclusive design.

We have enjoyed a partnership with IWC spanning over three decades, and within that time have seen a myriad of successes, from our in-store events and pop-up experiences to opening an IWC boutique in our Watches of Switzerland store, Regent Street, London. We have also partnered with IWC on several exclusive timepieces including the IWC Watches of Switzerland Pilot Edition in 2019, based on the IWC Pilot's Watch Double Chronograph Top Gun Ceratanium, and the 2021 collaboration, the IWC Pilot's Watch Chronograph Edition "Tribute to 3705", which sold out in record time.

IWC boutique Watches of Switzerland, Regent Street, London

Opening of IWC boutique Watches of Switzerland, Regent Street, London

VACHERON CONSTANTIN

Established in 1755 by Jean-Marc Vacheron, 'timelessness' is no doubt a perfect description of the Maison's tradition of craftsmanship and spirit of innovation in a single word. Paving the way for fine watchmaking over the last 265 years, each Vacheron Constantin timepiece reflects a unique technical and aesthetic signature, each with its own story to tell. The Swiss manufacturer champions elegance, simplicity and creativity with the highest level of excellence and we have been working in partnership for 40 years. Throughout the years, we've worked closely with the brand on promoting and educating our customers on their beautiful and intricate pieces, and their Style and Heritage Director, Christian Selmoni has been a regular guest on our internal Calibre Podcast, hosted by Brian Duffy, CEO.

JAEGER-LECOULTRE

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, that La Grande Maison gets its soul. With all crafts under one roof, the manufacture, watchmakers, engineers, designers and artisans work together to give birth to fine watchmaking creations. Driven by a compelling energy and a spirit of collective invention that daily inspires the commitment of each and every member of the family, they cultivate an understated sophistication and technical creativity. This same spirit has powered the creation of more than 1,200 calibres since 1833 and made Jaeger-LeCoultre the watchmaker's watchmaker.

We have enjoyed a partnership spanning over three decades, and the brand features prominently throughout our key stores within the UK and in the US. We have collaborated with them 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.

LONGINES

ELEGANCE IS AN ATTITUDE

Longines provided timers for the very first modern Olympic Games in 1896 and were used in North Pole expeditions since 1899; tried and tested in the most extreme conditions, Longines has proved quality and accuracy time and time again. With innovation close to its heart, the brand produced the very first watch with an LCD display in 1972, and in the 1980s released a world record ultra-thin model Feuille d'Or at just 1.98mm thick. Longines' proven reliability and accuracy has led to them being the official timekeeper in major sporting events in American football, tennis, skiing, equestrianism, gymnastics, athletics and aeronautics.

We have a long-standing partnership with Longines spanning over 65 years and have worked closely with the brand on events, in-store experiences and much more. They were with us when we first launched in the US, with space in our Watches of Switzerland, Soho, New York store, and we have had the privilege of being first to market for limited periods on various models and collections such as the Longines Ladies Conquest Classic collection in 2019.

Breguet

Depuis 1775

Having developed many patented features that are treasured by many watch collectors across the globe, Breguet are pioneers in beautiful mechanical wristwatches and are true masters of their craft. Breguet watches present the time on beautifully decorated engine-turned dials adorned with gold elements and surrounded by beautifully polished water-resistant cases, ensuring the perfect working environment for an in-house movement. At Breguet's Manufacture in the Vallée de Joux (Switzerland), every timepiece is developed and finished by hand to the very highest standard.

We have enjoyed a long-standing partnership with Breguet, and in 2020, to coincide with the update of our flagship Knightsbridge Watches of Switzerland store, we introduced a calendar of horological highlights including an exhibition of 23 special edition Tourbillon watches from Breguet and several other luxury watch brands. Breguet originally created the Tourbillon (French for 'whirlwind') movement in 1801, to thwart the negative effect of gravity in pocket watch mechanisms. Today it is widely appreciated as one of the most beautiful and enchanting expressions of Swiss watchmaking know-how.

Every Grand Seiko offers signature high standards of beautiful Japanese precision, durability and legibility, brought to life through total in-house manufacture as one of the very few vertically integrated watchmakers in the world. The purpose of a timepiece is exquisitely simple: to measure the passage of time. The art of watchmaking is to measure time with precision that will endure – a challenge the brand has relished since the first Grand Seiko in 1960. For over half a century, Grand Seiko has quietly made by hand some of the most precise watches the world has ever known.

We have enjoyed a fruitful partnership with the brand, and we have collaborated on events such as '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, and eight educational zones for guests to learn about the brand's master craftsmanship, movements and so much more. The collection also featured the Grand Seiko Toge, a piece that was launched 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.

Zenith exists to inspire individuals to pursue their dreams and make them come true – against all odds. Since its establishment in 1865, Zenith became the first watch manufacture in the modern sense of the term, and its watches have accompanied extraordinary figures that dreamt big and strived to achieve the impossible – from Louis Blériot's history-making flight across the English Channel to Felix Baumgartner's record-setting stratospheric free-fall jump.

We've worked with Zenith for a number of years and have consistently seen spectacular collections released, from their Defy collection to their Pilot collection, and more. In 2020 we unveiled a new partnership with Zenith during an evening of celebration at our Watches of Switzerland Soho, New York flagship store. All eyes were on the new Zenith DEFY 21 Land Rover Edition watch, an exciting collaboration between the innovative watch manufacturer and famed British carmaker. Special guests for the evening included DJ and entrepreneur Brendan Fallis, footwear designer Moti Ankari, internationally renowned chef Rōze Traore, menswear influencer Douglas Joseph and model RJ King. The evening cocktail reception provided guests with the opportunity to explore Zenith's newest watches, as well as historic pieces and the brand's core collection.

Blancpain is the oldest recorded watch company and was founded in 1735 in the Swiss Jura Mountains by Jehan-Jacques Blancpain. Over the years the brand has invented countless complications, remaining ever faithful to its tradition of innovation, and this quest for invention still drives the master watchmakers of the manufacture in Switzerland today. Blancpain is determined to push the boundaries of its inheritance through constant self-renewal, and to improve its timepieces by constantly challenging watchmaking constraints.

Blancpain collections and pieces can be found in our Watches of Switzerland stores on Oxford Street, Regent Street and in Knightsbridge, and our internal Blancpain experts are highly trained in the heritage and history of the brand. In 2020, with the update of our Watches of Switzerland Knightsbridge store, Blancpain was featured in an exhibition of 23 special edition Tourbillon watches alongside several other luxury watch brands.

Glashütte Original embodies modern German watchmaking art that meets the highest standards of quality. More than 170 years ago the first master watchmakers settled in Glashütte, and with passion, expertise and a wealth of ideas set about developing the art of Glashütte watchmaking. In the course of many generations a culture of excellence and creativity was created that lends particular brilliance to the name Glashütte Original. This standard still inspires them today and drives them to continue developing new products.

The brand is available in our key Watches of Switzerland London stores: Knightsbridge, Oxford Street and Regent Street. In 2020, our expansion of our Watches of Switzerland Knightsbridge store saw the expansion of our Glashütte Original space for the ultimate experience. We work with the brand on training our internal experts in their history, heritage and collections and have dedicated space for those who are interested to visit and peruse Glashütte Original.

COLLABORATIONS

As the UK's leading retailer of luxury watches, and with a significant and growing presence in the US, we are uniquely placed to understand the changing appetites of our customers, while also being able to spot approaching trends and opportunities – from case sizes and dial colours, to strap variations and functionality innovations. Our partnerships and exclusives are a badge of honour for our teams, a sign of respect from the world's greatest watchmakers, and, we hope, something for our loyal customers to enjoy and look forward to. We've released several collaborations of late, each with something different to offer our customer base, and we couldn't be more proud of them.

HUBLOT

The Classic Fusion Aerofusion Chronograph watch is a piece that seamlessly combines tradition and innovation.

The Classic Fusion Aerofusion Chronograph watch is a piece that combines tradition and innovation, something that has been at the heart of Hublot watchmaking for decades. The Classic Fusion Aerofusion Chronograph 'Watches of Switzerland Group' Special Edition 45mm blends a striking black ceramic case with a black skeleton dial featuring red details, which are also seen on the alligator and rubber strap. The timepiece carries a HUB1155 self-winding chronograph movement and has a 42-hour power reserve.

The new Classic Fusion created in collaboration with the Watches of Switzerland Group adds to previous special editions created jointly by Hublot and the Watches of Switzerland Group since 2018. This is an ideal piece for those wanting something unique within their watch collection. As the piece is exclusive to us and only available in our stores in the UK and the US, it means that the watch would be a fine purchase for any collector who likes to stand out from the crowd.

Grand Seiko

In 2020, we announced our first-ever collaboration with Grand Seiko on the new "Toge Special Edition".

In 2020, we announced our first-ever collaboration with Grand Seiko on the new "Toge Special Edition". This captivating new model 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.

The timepiece launched virtually through an Augmented Reality (AR) experience for consumers to 'try on' the watch in the comfort of their homes through an Instagram filter. A first for Grand Seiko and the Watches of Switzerland Group, the AR component embodied the pioneering spirit of both brands and our shared desire to deliver an exceptional experience to consumers.

BREITLING 1884

2020 saw the Watches of Switzerland Group and Breitling unite for the first time to create an exclusive timepiece in the 'Watches of Switzerland Group Exclusive Special Edition Breitling Premier B01 Chronograph 42'.

It combines function with style, and is a high performing model, one that is worthy of the legacies of both companies, as well as any watch collector.

The history of the Breitling Premier dates back to the 1940s, where the timepieces were the perfect accompaniment to the remarkable changes taking place all over the world. In 2018, Breitling released new models that extended that legacy, reflecting the historic design codes and proud history while still remaining modern and stylish. This collaboration follows suit and is designed for those who live an active lifestyle with the collection specifically dedicated to Breitling's 'land' environment, one of three environments including 'sea' and 'air' that are the cornerstones of Breitling's core collections.

The new 42 mm timepiece features a striking, clean silver dial with contrasting blue subdials – a 30-minute counter at 3 o'clock and a small-second subdial at 9 o'clock and date window at 6 o'clock. The dial also features a white tachymeter scale on a blue inner bezel around the dial, enhanced by a blue alligator leather strap. The timepiece is powered by the Breitling Manufacture Calibre 01, visible through the transparent case back. Developed in-house and recognised as one of the finest watch movements in the world, the self-winding COSC-certified chronograph carries an approximate power reserve of 70 hours. One final design touch comes in the form of an inscribed Watches of Switzerland Group logo on the case back.

MB&F HOROLOGICAL LAB

Watches of Switzerland partnered with Massena Lab X MB&F X L'Epee to launch the T-Rex bronze serving as the exclusive retailer to virtually launch the T-Rex Bronze. The unveiling took place via Instagram Live with Brian Duffy, CEO in conversation with Max Büsser, Swiss entrepreneur and founder of avant-garde boutique watch brand MB&F, and William Massena, noted watch collector and founder of Massena LAB, a creative design studio specialising in unusual timepieces, including the T-Rex Bronze.

Massena LAB teamed up with horological concept laboratory MB&F and renowned Swiss clock maker L'Epée 1839 to release the new limited edition of the fabled T-Rex Art Clock that was first created for Only Watch, the MB&F X L'Epée X Massena LAB T-Rex Bronze. Limited to just 15 examples, the collaboration captures the fun and child-like inspiration of the original but is reinterpreted in a material invoking an object more rugged, organic and with a keen sense of history.

ULYSSE NARDIN
SINCE 1846 LE LOCLE - SUISSE

The Ulysse Nardin Skeleton X limited edition is a US exclusive debuting at Mayors and Watches of Switzerland.

The Ulysse Nardin Skeleton X limited edition is a US exclusive debuting at Mayors and Watches of Switzerland stores. The Executive Skeleton X features a 42 mm titanium case with an 18k rose gold bezel. The timepiece is powered by the Calibre UN-371 and has an impressive four-day power reserve.

As part of the exciting launch, we are proud to support One More Wave, a non-profit organisation founded by surfing Navy SEALs with a passion to help those in need. For selected Ulysse Nardin watch purchases, the first 20 customers received a complimentary gift with purchase. The custom-made surfboard was not only a fantastic gift to receive, but also helped support One More Wave and their objective to help wounded or disabled veterans with surf therapy and to get them back in the water by providing customised surfing equipment and assistance.

INNOVATION OF INDEPENDENTS

At the Watches of Switzerland Group, we are proud to partner with some of the world's most innovative independent watch brands and offer a wide selection of timepieces from their collections. From technological advances to avant-garde aesthetics, we have seen some of the most fascinating developments in horology from our independent watch brands, garnering much attention.

BOVET

The house of BOVET was established almost two centuries ago in 1822 by the Bovet brothers, a trio of master watchmakers. Their vision was for BOVET to become a leader in the watchmaking industry, and they set out a mission to ensure an exceptional level of chronometry paired with beautiful detailing was achieved in every piece they created. BOVET achieved much success in these areas, securing many patents, and were even commissioned by the Emperor of China for bespoke enamelled watches. The business stayed within the Bovet family until 2001 when Pascal Raffy, a passionate collector of Haute Horology, became sole owner. In 2020, his daughter Audrey joined him, and under the Raffy's management, the brand has pushed forward many impressive new collections and pieces, all while remaining true to the Bovet brothers' legacy.

H. MOSER & CIE

H. Moser & Cie was first established in 1828 by Heinrich Moser, a young visionary born into a family of watchmakers. His skill at developing pieces that were both technologically impressive as well as beautiful caught the attention of aristocrats, and Moser quickly grew the company throughout his time. His pieces ranged from basic three-hand watches to "grande complications" and to this day, his passion for development lives on in the brand. They are renowned for features such as their in-house paramagnetic hairspring and exquisite fume dials and for creating innovative pieces such as their Streamliner Chronograph. This exceptional timepiece was released in early 2020 to wide acclaim for its unconventional take on a sports watch.

MB&F

MB&F, or Maximilian Büsser & Friends, was established in 2005 by Max Büsser. Büsser, after enjoying a distinguished career in horology at companies such as Jaeger-LeCoultre and Harry Winston, had the vision of taking traditional, high-quality Swiss manufacturing and melding it with futuristic, space-age designs to create horological marvels. His vision turned to reality with the creation of MB&F, which refers to itself as 'an artistic concept laboratory based around a simple idea: to assemble collectives of independent watchmaking professionals to develop radical watches – Horological or Legacy Machines.'

SPEAKE-MARIN

Swiss brand Speake-Marin was created by English watchmaker Peter Speake-Marin in 2002 and forms a fusion of style and technology. The brand has grown rapidly since its inception and includes models with all manner of complications from perpetual calendars to tourbillons, minute repeaters and multi-level dials to design details such as spade shaped hands, topping tool motif and pleated crown. In 2009, the brand created its own in-house movement, and has continued to push boundaries through its iconic collections.

GIRARD-PERREGAUX

Girard-Perregaux is one of the oldest Swiss watchmaking manufacturers, having been established in 1791. For over two centuries, this brand has had a keen mission to blend technical mastery and functionality with iconic design and aesthetic. The blending, or bridging the gap, is something they've taken in as part of a cornerstone to the essence of the brand, as they bridge between past and future, and have released pieces engineered to the highest precision such as the Bridges collection that included the epic Tourbillon 'With Three Gold Bridges'. The Constant Escapement L.M. is yet another technical revolution from Girard-Perregaux featured in the Bridges collection. It solved a problem occupying the profession for over five centuries: that of constant force, and the watch was awarded the "Aiguille d'Or" at the Grand Prix d'Horlogerie de Genève.

EST 1910

MAYORS

FINE JEWELRY & TIMEPIECES

For more than a century, Mayors has been defining luxury by bringing the world's most exclusive selection of iconic brands to connoisseurs of luxury jewellery and timepieces.

With a portfolio of stores throughout Florida and Georgia, Mayors serves as a luxury jewellery destination featuring an expansive range of diamond engagement rings through to wedding day jewellery, anniversary celebrations and special occasion high jewellery.

Encompassing signature diamond designs and exuding a sense of flawless elegance in 18ct white gold settings, The Marquesa Collection was created exclusively for Mayors by brand partner Roberto Coin. At Mayors you will find uncompromising quality, inspiring beauty and impeccable craftsmanship with curated offerings for every occasion.

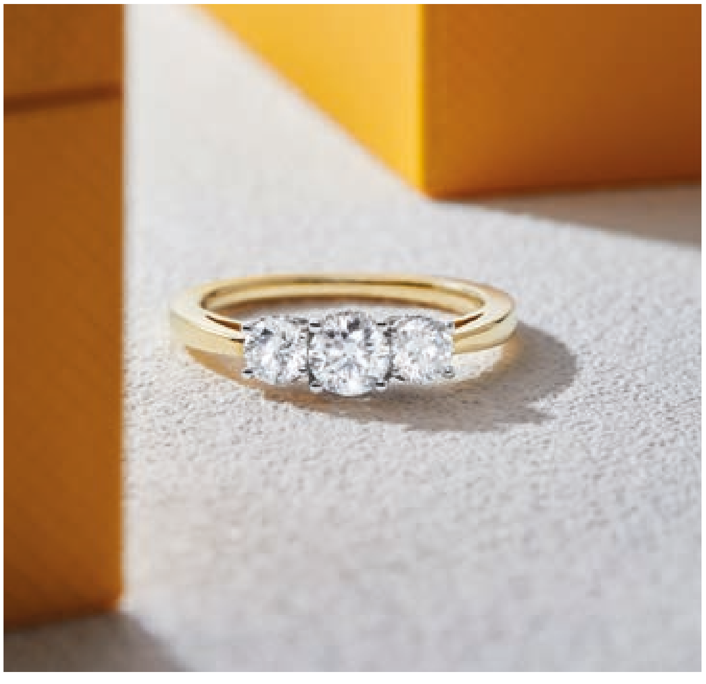
LUXURY JEWELLERY

Our collection of luxury jewellery encompasses some of the world's most luxurious brands, alongside our carefully created and exquisitely manufactured own brands. With our buyers at the forefront of trends as well as an innate sense of understanding what our customers need at every stage, milestone and celebration throughout their lives, we have an extensive range including timeless and contemporary pieces to suit all.

Mappin & Webb

LONDON

Mappin & Webb's history within the jewellery and watch industry is like a rich tapestry with many different stories interweaved. We take those stories and create beautiful pieces to honour them. A handful of our collections are based on archival illustrations and jewellery pieces from our past, as we breathe new life into them for the modern day. Ranges such as the Carrington collection, one of our most iconic, has echoes of the past running through its designs, with the inclusion of timeless shapes and precious gemstones at the heart of each piece. Our Empress collection is another iconic range that takes design inspiration from an exotic motif uncovered in our archives, bringing to life the elegance of a mystical past, and our Renee collection pays homage to Art-Deco designs with its geometrical lines and scintillating diamond details.



GOLDSMITHS

SINCE 1778

Goldsmiths features a wide choice of beautiful wedding and engagement rings in every shape and design, from the traditional round and princess cut to more contemporary cuts such as pear and marquise. Goldsmiths Brightest Diamond introduces one of the most brilliant cut diamonds in the world; the Goldsmiths exclusive 88 facet unique pattern adds additional facets to the bottom of the diamond, creating an immense flow of light for maximum brilliance, fire, scintillation and sparkle.

LUXURY JEWELLERY BRANDS

We are delighted to partner with some of the most prominent and prestigious luxury jewellery brands, with an offering spanning our UK and US stores and websites.

Excellence, femininity and audacity are key values defining the essence of Parisian brand Messika. The pieces are fresh, light and ultra-modern, with many celebrities opting for Messika on the red carpet.

Drawing from the brand's rich heritage, the Birks jewellery collections bring to life the glory of Canadian nature – from morning dew to the fine details of a maple leaf.

Italian brand FOPE is renowned for its meticulous craftsmanship and iconic designs such as the globally successful and innovative Flex'it collections.

Mikimoto is renowned for having the finest quality cultured pearls, and their pieces are exquisitely designed to showcase these beautiful gems.

Gucci is globally recognised for its striking pieces that exude style and luxury. Their collections include a fine jewellery range, as well as a silver collection that is interspersed with their iconic monogram, among other contemporary designs, and they have been a firm favourite with luxury fashion influencers and celebrities.

Italian brand Roberto Coin's craftsmanship and design are impeccable, with many of their pieces embodying romance, femininity and beauty. Many of their pieces house a special hidden treasure too in the form of a small ruby set in the designs.

Within the UK specifically, you can also find several luxury jewellery designers and brands that offer everything from bridal to fine jewellery pieces.

UK iconic British fashion designer Jenny Packham has collaborated with us to create an exclusive fine bridal jewellery collection, available at Goldsmiths. From everyday showstoppers to beautiful bridal jewellery for the traditional or modern bride, the range includes everything a bride would need for her big day.

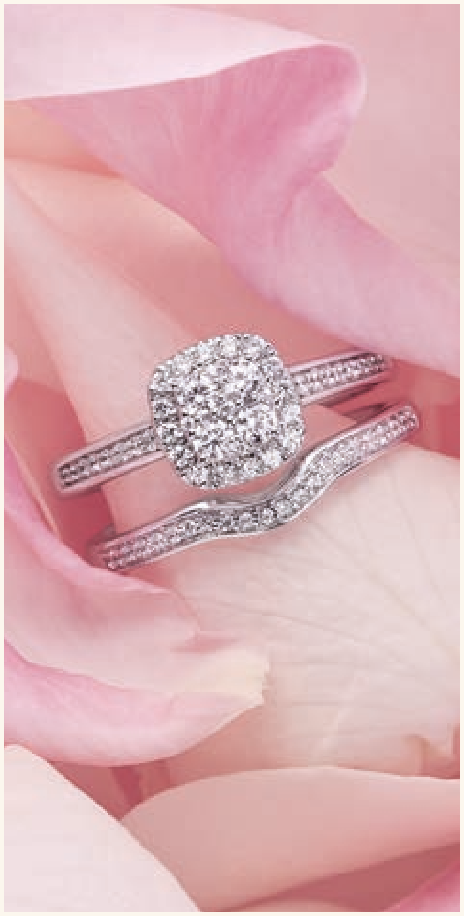
New brands just launched across Mappin & Webb and Goldsmiths include Kiki McDonough, showcasing coloured gemstones in elegant and timeless designs. With a strong British heritage and her flagship store in Sloane Square, London, she continues to lead the way in fine jewellery design with pieces that work for every day and occasions.

We also welcomed Susan Caplan to our extensive range of jewellery. Caplan is a vintage jewellery curator, and restores pieces from designer brands, with a keen focus on sustainability as well as style.

Swiss luxury brand Chopard can also be found at Goldsmiths and Mappin & Webb, and offers a range of stunning jewellery that encapsulates iconic emblems and insignias such as flowers and hearts, pairing them with delicate diamonds for a modern refresh.

In the US over the last two years, we have widened our selection of luxury brands to include a collection from Uneek. This exceptional fine jewellery brand, from award-winning designer Benjamin Javaheri, combines the world's most stunning diamonds with rich gemstones for bridal and occasion pieces that are simply breath-taking.

This year has also been a remarkable one for our partnership with BVLGARI, which is famous for its glamorous gemstone jewellery and luxury watches, favoured by many a celebrity and worn to many high-profile events. We are thrilled to be opening a BVLGARI mono-brand boutique in our re-designed Mayors Flagship store in Aventura Mall, Florida later this year.




BREITLING
THE BOOK
ROLEX
OMEGA
TAG HEUER

CHIEF EXECUTIVE OFFICER'S REVIEW

"We have continued to deliver on our strategic priorities, *achieving a robust performance* against significant headwinds, further *consolidating our position* in luxury watches and increasing the **strength of our business.**"

BRIAN DUFFY
CHIEF EXECUTIVE OFFICER

Today, the UK and the US continue to make great strides on the COVID-19 vaccination programmes, as do many other countries. Our stores are open and we are not experiencing any COVID-19 related supply disruption. While the COVID-19 pandemic may continue to impact on daily life, we look forward to a further relaxation of restrictions and a return to more normal retail conditions. We are optimistic and positive for FY22 and beyond.

I am delighted to welcome our new Chair, Ian Carter, who joined the Group in November 2020, bringing with him a wealth of relevant international luxury experience.

Looking back on FY21, our teams did an outstanding job in challenging circumstances, delivering Group revenue of £905.1 million, +13.3% in constant currency[1], and +34.9% year on year improvement in Adjusted EBITDA[2]. We generated strong cash flow, a record level of Return on Capital Employed[2] of 19.7% (FY20: 15.8%) and closing net debt[1] of £43.9 million as at 2 May 2021 (26 April 2020: £129.7 million), with net debt to Adjusted EBITDA of 0.42x (FY20: 1.66x).

In the US, we added $110.5 million in sales, an increase of +38.5% vs last year despite the loss of approximately four weeks trading to lockdown in May 2020, and significant traffic reductions in Las Vegas (-54.6%), New York (-83.0%) and at Mayors (-34.1%) in Florida and Georgia. In the UK, we generated equally impressive revenue growth of +3.6%, adding £21.0 million in incremental sales despite enforced store closures for approximately half of the year, as well as reduced tourist spend (-80.7%) and airport business (-74.7%).

In both the UK and the US, our teams responded to the challenges and opportunities with enthusiasm, creativity and positivity. I am pleased that we have maintained full employment and salaries during the year despite lockdowns.

Our advanced technology supported the development of our CRM and clienteling efforts and the introduction of a very effective appointment system. We remained very active in marketing, increasing our digital advertising spend in the UK and driving both the awareness of our brands and direct traffic to our websites and stores. In the US, our teams were able to continue with impactful PR events and VIP client events.

We fully engaged in remote activities and social media, conducting many product launches with brand partners or media partners, personal remote appointments with clients and of course, all of our business meetings, investor engagements and colleague communications. We set up the Luxury Watch and Jewellery Virtual Boutique staffed with fully trained sales consultants to assist those researching or shopping online. We introduced new brands to our ecommerce websites including the addition of the Tudor brand. During the year, our ecommerce business was up strongly +120.5%, reflecting a more than doubling in the UK and a successful launch in the US.

> "Our teams have adapted and pushed on, stepping up to the challenges and opportunities with *inspirational enthusiasm* and *positivity*. I am very proud and thank them for their *immense contribution*."
>
> BRIAN DUFFY
> CHIEF EXECUTIVE OFFICER

We continued with capital expenditure plans, investing in our store network, IT and systems.

The summary of our sales performance in FY21 is very strong momentum throughout the US and in the UK, where the combination of online, strong sales productivity during the periods of stores opening and click and collect during the second and third lockdowns offsetting the huge challenges of store closures and the loss of international trade and airport business.

The luxury watch industry once again proved its resilience in responding to the COVID-19 pandemic challenges with innovative digital activity and a very impressive programme of new product introduction. We continue to work more closely with our brand partners and during the year successfully adopted a new virtual format for new product introductions, primarily on Instagram, and partnered on remote customer presentations.

The success of our business has allowed us to repay the UK furlough support received in FY21 and to repay the UK Government Coronavirus Large Business Interruption Loan Scheme borrowings.

£105.4m

FY21 ADJUSTED EBITDA[2]
(FY20: £78.1M)

+34.9%

FY21 ADJUSTED EBITDA VS LY

My takeaways from FY21 are:
- We operate in a great category which is underpinned by demand outstripping supply, as evidenced during the past year
- The Watches of Switzerland Group model works, consisting of strong brand partnerships, multi-channel contemporary retail formats, scale, advanced systems technology, impactful marketing targeted at a broad demographic audience, and luxury client services from well trained, expert and enthusiastic sales colleagues
- Our positive approach to the challenges of the past year was key to our success. We remained confident and optimised the opportunities to drive our business forward
- COVID-19 has accelerated developments, particularly digital, and retail has been permanently changed
- We are fundamentally a people business and the power of the team spirit and "can-do" attitude in our Group is immense. Our colleagues deserve the credit for the successful results of FY21.

Looking ahead, our FY22 guidance issued on 20 May 2021 projects sales growth of between +16% and +21% and profitability flat to +0.5% relative to last year. Our projections assume no further lockdowns in the UK, the US and Switzerland, and no acquisitions or uncommitted projects. We closed FY21 with borrowings of £43.9 million which we project will be £20.0 million to £30.0 million by end of FY22. This assumes capex of £40.0 million to £45.0 million, including some carry forward projects from FY21 in the US.

As our corporate governance framework evolves, I am delighted that we have established an Environmental, Social and Governance (ESG) Committee, chaired by Rosa Monckton, who is also our designated workforce Non-Executive Director and the ideal person to chair this Committee.

Finally, I am very proud to announce the launch of The Watches of Switzerland Group Foundation (the "Foundation") with an initial contribution of £1.5 million committed in FY21 and a further planned contribution of £1.5 million in FY22. The aim of the Foundation will be to further enhance our charitable initiatives and to provide essential support to local and national charities focused on poverty, social mobility and hardship in both the UK and the US. The Foundation will be managed by an independent Board of Trustees that I will personally chair. •

BRIAN DUFFY
CHIEF EXECUTIVE OFFICER

1 Refer to the Glossary on pages 216 to 217.
2 This is an Alternative Performance Measure (APM). Refer to the Glossary on pages 216 to 217 for definition and reconciliation to statutory measures where relevant.

UK

Our business proved its resilience in the UK where our stores were closed for approximately 26 weeks during FY21 and we faced headwinds with significantly reduced footfall, minimal international tourism and a lack of airport business.

The Rolex Room at Watches of Switzerland, Broadgate, London

+3.6%

UK REVENUE YOY INCREASE DESPITE LOSS OF INTERNATIONAL CUSTOMERS, TOURISM AND APPROXIMATELY 26 WEEKS STORE CLOSURES

"I am immensely proud of how our teams have responded to the significant challenges and disruptions faced during the year, embracing the need to adapt with enthusiasm and dedication as well as engaging with our community and charitable initiatives. We have further strengthened our position and are well-positioned for continued success in the future."

CRAIG BOLTON
EXECUTIVE DIRECTOR, UK

We adapted with ease and agility, increasing our activity on digital platforms, investing in our people and positively embracing new ways of engaging with our customers and colleagues via remote solutions.

Trading through our stores during opening periods was robust, reflecting pent up demand as well as the resumption of click and collect during the second and third lockdowns. We continued to invest in the store network with two important projects in our London multi-brand flagship stores; in December 2021, we opened the new store in Broadgate and the refurbished and expanded Knightsbridge flagship, including an enhanced Rolex Room. We also opened the first Rolex mono-brand boutique in Scotland, in Glasgow, in July 2020. In addition, we completed four further refurbishments, two further expansions and opened eight mono-brand boutiques with Breitling, OMEGA, TAG Heuer and Tudor.

During the year, our teams adapted to the new circumstances by driving their own footfall through utilisation of CRM systems and clienteling activities including the newly introduced "By Personal Appointment" and the launch of the Luxury Virtual Boutique.

Revenue growth was driven by our strong online platform, where ecommerce sales increased by +115.4% relative to the prior year.

We further enhanced our digital marketing initiatives, with continued successful performance marketing campaigns executed across a combination of channels. During lockdowns, we looked to drive brand awareness and maximise reach through impactful and innovative digital media including a series of Instagram Lives in conjunction with our luxury watch brand partners as well as traditional print campaigns to keep our brands front of mind. We remained highly active on our multi-media luxury watch communication platform, Calibre. We also launched an exclusive virtual events platform, through which we hosted over 1,300 VIP customers, and supported our colleagues in store to enhance their reach out to customers to drive footfall and engagement. Our teams managed very strong sales during the periods when stores were open and strong click and collect business during the second and third lockdowns.

We continued to invest in our people with enhanced learning and development initiatives including over 32,000 e-learning modules and a new Rolex training programme completed.

We continue to develop our after-sales and servicing proposition and further expanded our National Service Centre in Manchester.

As a result of our efforts, conversion rates were up relative to last year, more than compensating for reduced footfall during the year.

We have further built on our leadership standing in the UK and are well positioned to continue to invest for further growth in this market. •

US

Our business in the US benefitted from strong underlying category dynamics, underpinned by an increase in discretionary income and the attractive value-retention and investment qualities of luxury watches.

Watches of Switzerland, Hudson Yards, New York

In addition, the market was open for most of the financial year, enabling us to continue to actively pursue our strategy with continued investment.

Despite facing significant COVID-19 pandemic-related challenges, we further expanded and enhanced the store portfolio. We opened eight mono-brand boutiques during the year across the Breitling, OMEGA and TAG Heuer brands, bringing our total network to 30 stores at year-end (FY20: 22 stores). We completed the first phase of a major refurbishment of our Mayors Aventura store, as well as the refurbishment of the Rolex mono-brand boutique in the Wynn Resort, Las Vegas. The success of our Grand Seiko Nature of Time pop-up in Spring Street in Soho has prompted us to open a permanent mono-brand boutique in FY22.

Our marketing efforts were further enhanced during the year. We extended our reach in this market through our multi-channel performance marketing campaign, a wider digital activation, increased PR activity and a combination of virtual and in-person events. On the luxury jewellery side, we unveiled a new Mayors campaign supported by our brand partners.

We relaunched our online presence in the US with encouraging initial results.

We also continue to invest in our people and completed 13,250 hours of training over the year.

The acquisition of Analog Shift, a specialist US retailer of vintage and pre-owned watches, in September 2020 further advanced our strong and growing position in the US market.

Despite the US being open for most of the year, traffic to our stores was subdued. Through these various initiatives, we were able to generate a strong uplift in conversion rates and deliver an outstanding increase in sales during the year.

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.

+38.5%

CONSTANT CURRENCY REVENUE INCREASE YOY VS FY20

> "Our strategy is working well in the US, delivering outstanding results and positioning us well to become market leader. We have significant opportunities for growth, both organically and through selective acquisitions, and will continue to invest in developing the business in the years ahead."
>
> DAVID HURLEY
> EXECUTIVE VICE PRESIDENT, US

Mayors, Merrick Park, Coral Gables, Florida

GROW REVENUE, PROFIT AND RETURN ON CAPITAL EMPLOYED[1]

The Group continued to deliver on its six strategic priorities during FY21 despite facing COVID-19 pandemic-related headwinds throughout the year, further building on its leadership position in the UK luxury watch market and continuing to expand its growing presence in the US.

DRIVERS

- Increase sales productivity through excellent customer service, impactful marketing including extensive use of CRM and clienteling initiatives; improved product availability through analytical merchandising; continual improvement of brand representation
- Elevate and expand store portfolio to provide luxurious, inviting, welcoming, spacious and browsable store environments
- Continue to develop the multi-channel network in response to brand direction and changing consumer preference
- Open new stores in new retail developments and underserved markets to expand our footprint
- Make selective complementary acquisitions
- Continue to research further growth potential in the luxury watch category

The Group delivered profitable growth and improved Return on Capital Employed, driven by sustained, consistent investment across the business despite facing pandemic-related challenges and delays. In a year of significant disruption characterised by prolonged periods of store closure, subdued store traffic and reduced airport business and tourist spend, new ways of reaching customers and doing business were adopted. Several new initiatives were introduced to enable an even more personalised and differentiated experience, some of which the Group anticipates will remain permanent features of the business going forward, strengthening the Group's multi-channel business model.

+13.3%
FY21 CONSTANT FX REVENUE GROWTH VS LAST YEAR

+19.7%
FY21 RETURN ON CAPITAL EMPLOYED[1] (FY20: 15.8%)

+38.9%
FY21 EBIT[1] GROWTH VS LAST YEAR

£23.1m
FY21 EXPANSIONARY CAPEX[2]

148
CORE STORES[2] AS AT 2 MAY 2021, OF WHICH 39 MONO-BRAND BOUTIQUES

Watches of Switzerland, Broadgate, London

1 This is an Alternative Performance Measure. Refer to the Glossary on pages 216 to 217 for definition and reconciliation to statutory measures.
2 Refer to the Glossary on pages 216 to 217 for more information.

Tudor mono-brand boutique, Westfield White City, London

FY21 ACHIEVEMENTS

In FY21, the Group delivered another year of growth, with revenue +13.3% (constant currency) and Adjusted EBIT +38.9% relative to last year, and a further expansion of Return on Capital Employed to 19.7% (FY20: 15.8%) despite significant COVID-19 pandemic-related headwinds. To adapt to a highly changed retail landscape, new initiatives were introduced to enable a more personalised and relevant customer experience such as "By Personal Appointment" and our Virtual Luxury Watch and Jewellery Boutique; we enhanced our clienteling activity, supported by learning and training programmes and we maintained COVID-19 secure operations through our stores and work spaces.

Bricks and mortar stores are expected to continue to form the main component of a successful multi-channel luxury watch business and as such, the Group continued to invest in the store portfolio with £23.1 million in expansionary capex (FY20: £23.4 million) on the opening of new stores and the enhancement of existing stores, despite facing pandemic-related challenges and delays.

NETWORK EXPANSION

The network was further expanded with a net 13 stores opened during the year, bringing the total in the UK and the US to 148 core stores as at 2 May 2021 (26 April 2020: 135).

In the UK, the network reached 118 stores as at 2 May 2021 (FY20: 113). A new Watches of Switzerland flagship store was opened in Broadgate, London during December 2020 featuring a dedicated Rolex Room, a partnered OMEGA boutique as well as eight branded areas from partners Audemars Piguet, Tudor, Cartier, IWC, Jaeger-LeCoultre, Panerai, Hublot and Breitling.

In addition, the UK mono-brand boutique network was expanded by nine new boutiques to bring the total to 26.

The US mono-brand boutique network has now been firmly established following the opening of eight new boutiques, bringing the total to 13.

STORE ELEVATION

The Group continues to elevate the store network. The flagship Watches of Switzerland store in Knightsbridge, London was expanded and refurbished, featuring a new dedicated Rolex Room. The Watches of Switzerland store in Glasgow was converted to a Rolex mono-brand boutique, the brand's first dedicated boutique in Scotland. A number of regional stores were also refurbished during the year.

Finally, the four Fraser Hart stores acquired in March 2020 were rebranded to Watches of Switzerland and Mappin & Webb, generating a strong uplift in sales in the first year of trading, excluding the lockdown periods. The Group's store design has now been introduced to three of these stores in FY22.

In the US, the four Mayors stores which have been elevated since the Group's acquisition have generated a strong uplift in sales in the first full year of trading (excluding periods of store closure during lockdowns). The remaining 11 stores are planned to be completed by end FY24.

Looking ahead, the Group will roll out the new Goldsmiths Luxury concept across the core regional portfolio in the UK from FY22.

STRONG PIPELINE OF STORE PROJECTS

We will further enhance and build our store network across both our markets with major projects including:

- New Watches of Switzerland multi-brand stores: Battersea (London, UK), American Dream (New Jersey, US), Cincinnati
- Further development of mono-brand boutique network
- Continued elevation of the Mayors store estate in Florida: Aventura, Boca Raton
- Roll out of Goldsmiths Luxury concept across our core regional portfolio in the UK
- Refurbishment of the Rolex mono-brand boutique in the Wynn Resort, Las Vegas

We will continue to evaluate potential selective, strategic acquisitions.

ENHANCE STRONG BRAND PARTNERSHIPS

We are proud of our strong and long-standing relationships with the most prestigious luxury watch brands, which have been developed over many years.

Watches of Switzerland, Knightsbridge, London

Luxury watches have grown further to represent 87.1% of our sales (FY20: 83.9%) with the top eight luxury watch brands rising to 81.9% of our sales (FY20: 75.3%).

Collaboration with our key brand partners spans all areas of our business and has been further enhanced throughout the COVID-19 pandemic. We work together to identify distribution opportunities, and partner on demand forecasting, product launches, store projects, online platform, clienteling initiatives and marketing activities.

During the year we continued to collaborate on product launches, with new virtual formats adopted and exclusives introduced with brands such as Hublot and Breitling, whilst for IWC we partnered on an online exclusive.

With our brand partners' support, we further elevated the emphasis on learning and development and training to ensure we deliver an exceptional customer experience to our customers. During the year, we launched a wide range of product-related e-learning modules to support new product launches on the new e-learning platform.

We continue to develop the mono-brand boutique channel in the UK and have established a significant presence in the US with a growing network of 39 boutiques as at 2 May 2021 with further stores planned.

As a key component of our multi-channel business model, our UK ecommerce platform has been further enhanced with the addition of new brands which had previously only been transacted in store: Jaeger-LeCoultre, Panerai, Vacheron Constantin, Piaget, Grand Seiko, Tudor. We have received good support from our brand partners for the US ecommerce launch.

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

Hublot Classic Fusion Aerofusion Chronograph 'Watches Of Switzerland Group' Special Edition

DELIVER AN EXCEPTIONAL CUSTOMER EXPERIENCE

Delivering an exceptional customer experience has taken on a new meaning and has never been of greater importance as we adapt to a changing retail landscape. During the year, we innovated and found new ways to offer an increasingly elevated and personalised level of service to our customers, whether our stores were open or closed, which we believe is a key point of difference.

140,000

"BY PERSONAL APPOINTMENT" BOOKINGS MADE IN THE UK AND THE US SINCE LAUNCH

Our stores remain a cornerstone of our multi-channel offering and are designed to appeal to a broad audience and make our customers 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.

Across all our channels, the experience we offer our customers is underpinned by the deep product knowledge and expertise of our colleagues, which is supported by our extensive learning and development programme. During the year we introduced new training initiatives, including the development and launch of a new Rolex Academy.

Backed by our leading-edge IT and systems, we introduced a number of initiatives to reach our customers with a more personalised, seamless experience despite a significant period of store closures during the year, particularly in the UK. The Group believes many of these new introductions will remain permanent features of the business model going forward.

- **CRM and clienteling:** CRM and clienteling tools have become increasingly important as a result of the COVID-19 pandemic. We rolled out a number of relevant training programmes to support our colleagues and maximise customer engagement
- **"By Personal Appointment":** Appointments can be pre-booked by either customers or colleagues, in-store, by phone or with Zoom, enabling an uninterrupted experience to be offered to our customers throughout the year including during periods of store lockdown. Since its launch in July 2020, a total of over 140,000 appointments have been booked in the UK and the US
- **Virtual Luxury Watch and Jewellery Boutiques:** the Virtual Luxury Watch Boutique was launched in October 2020 for which a team was reassigned from our airport stores, ensuring exceptional customer service and expertise. The Virtual Luxury Jewellery Boutique was introduced in April 2021

Virtual Luxury Watch and Jewellery Boutique

Mirroring the wider luxury watch industry, we also transitioned our event format from physical to virtual during the year, with a series of virtual clienteling events including exclusive product launches.

We measure satisfaction through a variety of tracking methods in the UK and the US including Net Promoter Score ("NPS"), Feefo, Medallia and Podium. In the UK, our NPS score was maintained at 85% whilst in the US, we use Podium to measure in-store experiences and received a rating of 4.9 out of 5.0. We also undertake a mystery shopping programme to ensure consistency of our luxury service offering. Consisting of physical store 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 as a way to further enhance the customer experience, through a number of dedicated service centres, including the National Watch Service Centre in Manchester, complemented by 13 watch workshops located in stores in the UK and in the US, the HQ service centre in Fort Lauderdale, Florida as well as five additional workshops located in stores. The capacity in the primary centres in each of the UK (Manchester) and the US (Fort Lauderdale) has recently been expanded.

DRIVE CUSTOMER AWARENESS AND BRAND IMAGE THROUGH MULTI-MEDIA WITH BOLD, IMPACTFUL MARKETING

The Watches of Switzerland Group global YouTube advert

During the year, whilst typical trading was significantly impacted as a result of the COVID-19 pandemic, our marketing communications have been at the heart of the business, with a nimble approach focused on digital, content and social whilst adapting to the changing consumer environment.

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 high intent luxury customers, underpinned by bold, impactful creative and innovative bidding strategies. Activity included a YouTube first watches campaign featuring key luxury watch brand partners such as Breitling and TAG Heuer. The campaign showcased a breadth of range across men's, women's and icons, reinforcing the Group as the leading destination for luxury watches both in the UK and US. This activity was complemented by seasonal jewellery content campaigns for Goldsmiths, Mappin & Webb and Mayors. In total, activity generated 3.2 billion impressions and 195 million views in the UK and 373 million impressions and 83.7 million views in the US.

To complement our performance marketing campaign, wider digital activation focused on driving brand awareness and maximising reach among key target audiences. During lockdown periods in the UK, tactics included impactful and innovative social media, including an engaging series of Instagram Lives hosted by Brian Duffy, CEO in conjunction with our luxury watch brand partners to our UK community of over 625,000, with an average monthly reach of 46 million. In the US, standalone social pages were launched specifically for Watches of Switzerland with customised brand content, leveraging brand co-op funding to deliver paid social media campaigns to support key launches and events. The US social communities continue to grow with a combined audience of over 35,000 and impressions of 2.5 million per month.

As we recognised the need for more content through lockdown, with our customers and potential customers being more active on social media and the internet as a whole, we increased our output on our digital Calibre channels. Our multi-media luxury watch communication platform allows us to inspire purchase and increase loyalty, through the sharing of innovative and exclusive watch expertise across a yearly magazine, online editorial, monthly email newsletter to a combined UK and US database of over 250,000 subscribers, and regular podcast episodes with over 94,000 total downloads.

Another key element to our marketing strategy is our customer event programme. When the COVID-19 pandemic began in early 2020 we devised a virtual event programme, maintaining the level of quality and prestige of our in-person events held in stores and other venues.

In the UK, we launched an exclusive virtual events platform, capable of hosting hundreds of customers. By adapting and embracing this new approach, the virtual events world allowed us to be at the forefront of the market and become reactive and agile to continual changing circumstances and restrictions. Overall, in FY21 we hosted a number of virtual and in-person events entertaining over 1,300 customers.

A similar approach was taken in the US, with Watches of Switzerland and Mayors holding a number of virtual and physical events during FY21 including three exclusive product releases and a series of first to market experiential opportunities, hosting over 1,300 customers. In September 2020, our Watches of Switzerland store in Soho, New York partnered with Haute Living and musician, actor and producer Curtis "50 Cent" Jackson to host a private dinner which combined media, influencer and collector attendees and garnered 108 million in resulting social media impressions. The Watches of Switzerland store in Hudson Yards, New York hosted three days of customised, one on one client appointments to unveil the new Patek Philippe novelties.

In addition, we supported our store colleagues in both the UK and US in enhancing their own direct customers reach-out to drive footfall and engagement through the production of over 40 clienteling guides covering topics such as new product launches, key focus lines and brands.

Within our luxury jewellery category, Mayors unveiled a breakthrough image campaign designed to resonate with modern women and bring a 110-year-old business into the future. The campaign kicked off a series of initiatives including a revamped ecommerce site featuring "shop the look" and an updated visual merchandising schematic in-store with a case line curated from on-model looks showcased in the campaign. The campaign was featured in outlets Elle, Harper's Bazaar, Town & Country and WWD. In the UK, we have developed a new store concept for our Goldsmiths Brand which we will be excited to launch in Autumn 2021 with a new 360 marketing campaign.

PR is a key part of our marketing strategy, particularly in the US where the Watches of Switzerland Group is still relatively new and in the process of being established. In FY21, PR activity generated 5.1 billion media impressions including brand and executive profiles in Esquire, New York Times, Town & Country, Wall Street Journal and Yahoo.com. The PR activities included strategic influencer alliances including Bethany Frankel, Kevin O'Leary and Chef Rōze Traore.

Our marketing continues to drive high brand awareness in the UK and we have been successful in driving a surprisingly high level of awareness in the US. •

New Mayors Jewellery Campaign

5.1bn

IMPRESSIONS GENERATED FROM US PR ACTIVITY IN FY21

Private Dinner Event with 50 Cent, Watches of Switzerland, Soho, New York

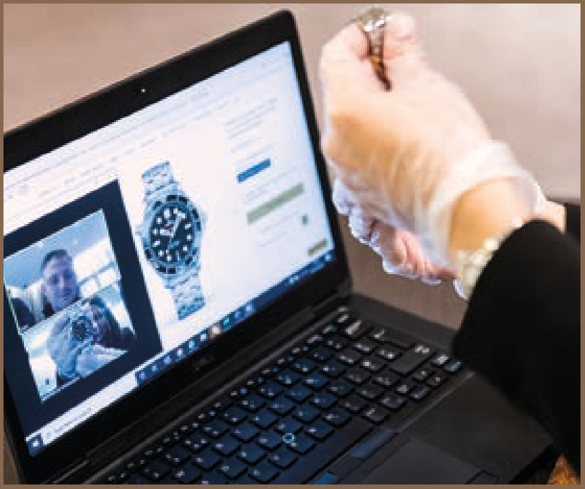
LEVERAGE BEST IN CLASS OPERATIONS

IT SYSTEMS

Our leading-edge IT systems have continued to be a fundamental competitive advantage for the Group, further increasing in importance during the COVID-19 pandemic as we looked to implement innovative solutions to reach and engage with our customers.

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

Our stable IT infrastructure allowed our colleagues to access our platform 24 hours a day, seven days a week, throughout the year. Our colleagues have found their transition to home and hybrid working over the last year seamless, as many were already equipped with mobile IT technology with secure VPN access. We have successfully scaled our cloud-based telephony to support all remote contact centres.



MERCHANDISING

Powered by leading-edge systems and analytics, our merchandising function provides a unique point of difference in the way we run our stores.

Through a customer-focused approach, our dynamic merchandising capabilities optimise stock availability, enhance store productivity and allow for nationwide coverage. SAP software provides us with market analysis which in turn enables extensive store profiling, productivity and trend analyses, seasonal changes and sales and inventory forecasting.

Our merchandising approach is highly collaborative and we are working increasingly closely with our brand partners to further improve supply chain efficiencies through vendor managed inventory programmes. These are being trialled in our mono-brand boutiques in the US as well as for top selling Cartier products in the UK, enabling us to further enhance availability in our stores.

RETAIL OPERATIONS

We run all our stores to be profitable which requires a high level of accountability and performance management across our retail network. In order to continually drive productivity and profitability, we look to ensure there is a collective alignment, ownership and understanding at all levels within retail with a regular monitoring of operational KPIs.

We have invested in the best in class expertise in the important area of security. ●

EXPAND MULTI-CHANNEL LEADERSHIP

We transitioned seamlessly between bricks and mortar stores (including mono-brand boutiques and travel retail) and online as we faced a changing retail landscape and a period of significant disruption.

Our multi-channel leadership enabled us to further develop our business with the UK domestic clientele in light of limited tourism and airport business due to the ongoing disruption to travel retail and removal of duty-free shopping in the UK. In the US we launched our ecommerce platform and expanded our recently established mono-brand boutique network.

ONLINE

We continue to leverage our position as the authorised luxury watch and jewellery partner, significantly building on the largest portfolio of luxury watch brands in the UK. We have a significant advantage in the volume of traffic generated via our technically advanced Artificial Intelligence (AI)-driven marketing approach.

Due to the rapidly changing retail landscape, we continue to focus on offering the widest array of shopping opportunities, allowing our customers to reach out to local store expertise remotely through video, voice or in-person utilising our "By Personal Appointment" booking system, alongside our centralised Luxury Watch and Jewellery Virtual Boutique, two initiatives introduced during the financial year.

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

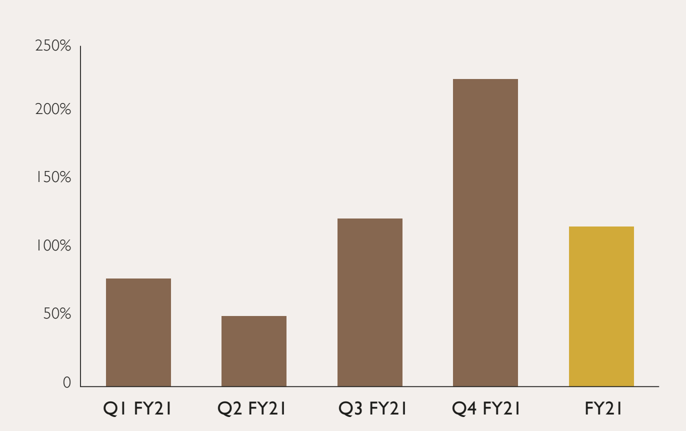
Working collaboratively with key partners such as Google (Digital Marketing), Vee24 (video and text concierge) and DPD (direct delivery), we use the most efficient, cutting-edge digital marketing while offering a best in class, harmonised omni-channel shopping experience. We have dedicated inventory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

Our online business had an exceptional year, with revenue +120.5% versus last year.

Following the ecommerce launch in the US, we accelerated our digital marketing strategy with a significant investment into performance marketing and believe this channel offers a significant opportunity to complement our growing store network in this market.

Breitling mono-brand boutique, Valley Fair Mall, Santa Clara, California

ECOMMERCE SALES GROWTH VS LY %



MONO-BRAND BOUTIQUES

We see a significant opportunity to further develop our mono-brand boutique network and have a strong pipeline of projects. The roll-out of the format, which enables brands to be presented in a dedicated store environment, has contributed to further strengthening our brand partnerships.

As at 2 May 2021, we operated a global network of 39 mono-brand boutiques (FY20: 22). During the year, we opened nine mono-brand boutiques in the UK, taking our network to 26 boutiques. In the US, we expanded the mono-brand boutique channel with eight new boutiques opened, taking the total to 13.

TRAVEL RETAIL

Travel retail provides the Group and brand partners with visibility in prominent locations and exposure to a high net worth international clientele. Whilst this channel is expected to take longer to recover from a disproportionate COVID-19 impact, the Group continues to believe travel retail represents a growth opportunity over the medium term. •

+120.5%

REVENUE INCREASE FROM ONLINE SALES

39

MONO-BRAND BOUTIQUES AS AT 2 MAY 2021

HOW THE GROUP CREATES VALUE

To provide the highest level of customer service by well-trained, expert colleagues in modern, luxurious and welcoming store environments and state-of-the art online sites, and by partnering with the most prestigious luxury watch and jewellery brands, all supported by leading-edge technology and bold, impactful marketing.

INPUTS

- BRAND PARTNERSHIPS
- COLLEAGUES
- CUSTOMERS
- STORES
- TECHNOLOGY AND DIGITAL CAPABILITIES

BRAND PARTNERSHIPS

We collaborate with our long-standing brand partners to identify distribution opportunities and partner on demand forecasting, as well as on the areas of product launches, store projects, online, clienteling, marketing and learning and development for our colleagues. Please see page 20 for more details.

STORE ENVIRONMENT

Our well-invested stores 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 customer demographic and drive high levels of productivity across our estate.

CUSTOMER EXPERIENCE

Our store colleagues are equipped with the expertise and knowledge to provide an exceptional customer experience through extensive learning and development. Customer satisfaction is monitored to help drive repeat business and conversion rates.

People: We are a people business with over 2,000 dedicated colleagues working in our stores, head offices and distribution centres in the UK and the US. Please see page 84 for more details.

MARKETING

Bold, impactful marketing focused on digital communications, CRM, client experiences and co-operative activity with brand partners. Please see pages 54 to 55 for more details.

MULTI-CHANNEL

Our multi-channel model spans a well-invested store network, with flagships, regional stores, travel retail and mono-brand boutiques complemented by a leading ecommerce platform. Please see page 57 for more details.

OPERATIONAL EXCELLENCE

Technology: Our leading-edge IT systems are based on a single SAP platform powering store points of sale, CRM, reporting solutions, live inventory availability and operations.

Merchandising: Dynamic inventory management optimises stock availability, enhances store 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

SCALE

High barriers to entry created through national coverage in the UK with a portfolio of 118[2] core stores and a growing and significant presence in the US with 30 stores (as at 2 May 2021).

Fully resourced: Experts in our category through investments focused on learning and development and technical capability.

FINANCIAL DISCIPLINE

Financial performance: We run all our stores to be profitable, leveraging store and central overheads through topline growth with strict investment criteria on projects.

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. Proposals for major investment projects are analysed and discussed by senior executives and presented to the Board, prior to decisions being reached.

RESPONSE TO COVID-19

In response to the significant COVID-19 related disruptions to our stores, we introduced several permanent enhancements such as the "By Personal Appointment" booking system, remote payment options, virtual boutiques as well as further advancing and expanding our CRM and clienteling techniques and our online platform. Please see page 78 for more details.

How we are prepared for climate change
We believe our business model is resilient to climate change. Please see the Task Force on Climate Related Financial Disclosures (TCFD) on page 100 and the Principal Risks and Uncertainties section on pages 105 to 113 for more information.

VALUE CREATED

£905.1m
REVENUE

19.7%
RETURN ON CAPITAL EMPLOYED[1]

£77.6m
ADJUSTED EBIT[1]

2,000+
NUMBER OF COLLEAGUES

148
STORES (EXCLUDING NON-CORE STORES)[2]

£169.8m
CASH GENERATED FROM OPERATIONS

1 This is an Alternative Performance Measure; please refer to the Glossary on pages 216 to 217 for further information.
2 Refer to the Glossary for more information.

FINANCIAL

REVIEW

“Group revenue increased by +11.7% to £905.1 million, +13.3% in constant currency, despite the significant disruption faced during the year. Our strategy delivered strong results in the US, where the market was less impacted by COVID-19 related lockdowns and disruption.”

ANDERS ROMBERG
CHIEF FINANCIAL OFFICER

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

Statutory Income Statement (£million)	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020	YoY variance
Revenue	**905.1**	**810.5**	**11.7%**
Operating profit	**81.9**	**48.3**	**69.5%**
Net finance costs	(18.2)	(46.8)	61.2%
Profit before tax	**63.7**	**1.5**	**4,182.2%**
Tax	(13.1)	(1.0)	(1,231.2%)
Profit after tax	**50.6**	**0.5**	**9,886.4%**
Basic Earnings Per Share	**21.1p**	**0.2p**	**n/m**

Management monitors and assesses 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 on page 216.

Income Statement – pre IFRS 16 and exceptional items (£million)	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020	YoY variance
Revenue	**905.1**	**810.5**	**11.7%**
Net margin[1]	**332.3**	**304.7**	**9.1%**
Store costs	(166.6)	(178.2)	6.5%
4-Wall EBITDA[1]	**165.7**	**126.5**	**31.0%**
Overheads	(55.8)	(44.6)	(25.3%)
EBITDA[1]	**109.9**	**81.9**	**34.1%**
Store opening and closing costs	(4.5)	(3.8)	(18.8%)
Adjusted EBITDA[1]	**105.4**	**78.1**	**34.9%**
Depreciation, amortisation and loss on disposal of fixed assets	(27.8)	(22.2)	(24.7%)
Segment profit (Adjusted EBIT)[1]	**77.6**	**55.9**	**38.9%**
Net finance costs	(5.5)	(6.5)	(14.6%)
Adjusted profit before tax[1]	**72.1**	**49.4**	**46.0%**
Adjusted basic Earnings Per Share[1]	**23.8p**	**16.6p**	**43.4%**

1 Refer to the Glossary on pages 216 to 217 for definition and reconciliation to statutory measures where appropriate.

REVENUE

Group revenue increased by +11.7% to £905.1m, +13.3% in constant currency, despite the significant disruption faced during the year. Relative to FY19 (pre-COVID-19), revenue increased +17.0%, +17.9% in constant currency. FY21 was a 53-week year, with the final week contributing £17.6m to Group revenue for the year.

The table below shows the revenue by quarter for the US and UK businesses and demonstrates the impact of COVID-19 lockdowns in the UK and US. Our stores in the UK were closed for approximately 26 weeks during the year. In the UK, click and collect was not permitted during the first lockdown but was subsequently resumed during the second and third lockdowns.

Our very strong online performance throughout the year as well as the click and collect programme and other initiatives introduced, enabled us to offset the headwinds faced. These headwinds included significantly reduced store traffic, store closures and lack of international consumers as a result of COVID-19. US stores were closed for only four weeks in Q1 FY21 (with the exception of Hudson Yards, New York which re-opened during September 2021) and remained opened for the remainder of the year. In both the UK and US, footfall to our stores was significantly reduced during the year, offset by higher conversion rates as a consequence of the actions we took in response to the changed trading environment.

Revenue by quarter (£million)	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
UK	108.3	185.9	186.1	126.2	606.5
YoY variance*	(29.3%)	15.4%	2.7%	40.2%	3.6%
US	43.3	76.8	86.5	92.0	298.6
YoY variance*	(19.5%)	37.2%	17.5%	121.0%	32.7%
Total	**151.6**	**262.7**	**272.6**	**218.2**	**905.1**
YoY variance*	**(26.8%)**	**21.0%**	**7.0%**	**65.8%**	**11.7%**

* The quarterly FY20 revenue has been restated to correctly reflect the timing of the reclassification adjustment disclosed in our FY20 Annual Report and Accounts. Q4 FY21 includes 14 weeks of trade.

Our strategy delivered very strong results in the US, where the market was less impacted by COVID-19 related lockdowns and disruption. US revenue increased by +32.7%, +38.5% on a constant currency basis, and the US business made up 33.0% of the Group's revenue in FY21 (FY20: 27.8%). In the US, Mayors stores in Florida and Georgia began to re-open from early May 2020, followed by Las Vegas in June 2020, Soho, New York in late June 2020 and finally Hudson Yards, New York in early September 2020. Whilst stores were closed for a shorter period of time than in the UK during FY21, footfall in the US was down significantly relative to the prior year, particularly in New York (-83.0%) and Las Vegas (-54.6%). We are particularly pleased with the performance of our recently refurbished stores in the Mayors network.

During the year, we opened eight mono-brand boutiques in the US and in September 2020, we completed the acquisition of Analog Shift, a US retailer of vintage and pre-owned luxury watches, to continue to advance the Group's strong and growing position in the US. We are pleased with the performance of Analog Shift since acquisition. FY21 also saw the launch of the US online platform and initial sales are encouraging. We have also observed positive trends in in-store sales for brands also sold online, driven in part by our successful online marketing.

The UK was impacted more significantly by COVID-19 lockdowns which resulted in a loss of footfall, reduced airport business and lack of international travel. Despite this, UK revenue increased by +3.6% during the year through a combination of continued demand, good supply of product and strong clienteling activity by the Group. The number of transactions in the UK was down, offset by higher average selling prices. The Group also introduced a number of successful new initiatives such as the Luxury Watch and Jewellery Virtual Boutique and "By Personal Appointment" the virtual booking system to enhance customer engagement. During the various periods of COVID-19 lockdown, the Group leveraged its CRM capability and clienteling activities to drive sales. We also invested in digital marketing to drive sales of core product to our online channel, with UK ecommerce sales up +115.4% on the previous year. UK revenue was driven by strong domestic sales (+54.0% vs FY20), offsetting the lower tourist and airport businesses. Tourist and airport sales accounted for 5.3% of Group sales in FY21 compared to 27.5% in the previous year. Throughout the year, Heathrow Terminals 3 and 4 remained closed. Regional stores continued to outperform London stores where footfall was significantly weaker.

During the year, in the UK, we opened ten stores and closed ten stores. FY21 was the first full year of trade of the recently acquired Fraser Hart stores in York, Stratford, Brent Cross and Kingston. We are pleased with the performance of these stores, which has exceeded our expectations.

Revenue by category

53 weeks ended 2 May 2021 (£million)	UK	US	Total	Mix
Luxury watches	512.1	276.3	788.4	87.1%
Luxury jewellery	43.9	16.9	60.8	6.7%
Other	50.5	5.4	55.9	6.2%
Total revenue	**606.5**	**298.6**	**905.1**	**100.0%**

52 weeks ended 26 April 2020 (£million)	UK	US	Total	Mix
Luxury watches	475.9	204.0	679.9	83.9%
Luxury jewellery	54.1	15.0	69.1	8.5%
Other	55.5	6.0	61.5	7.6%
Total revenue	**585.5**	**225.0**	**810.5**	**100.0%**

Luxury watches now make up 87.1% of Group revenue, up 320 bps on the prior year. We have continued to observe strong demand for luxury watch brands and intake of supply constrained product was not significantly disrupted by COVID-19.

Luxury jewellery sales have been impacted more significantly by the COVID-19 lockdowns as these purchases are more footfall and impulse-driven than luxury watches. Despite this, the relaunched luxury jewellery ranges generated a positive response from customers, and the category performed well relative to the market. Luxury jewellery sales in the US, where footfall has been less impacted by store closures, increased by +13.2% relative to the prior year.

Other revenue consists of servicing, repairs and insurance services and the sale of fashion and classic watches and other non-luxury jewellery.

PROFITABILITY

Profitability as a % of sales	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020	YoY variance
Net margin	36.7%	37.6%	(0.9)%
Store costs	18.4%	22.0%	3.6%
4-Wall EBITDA[1]	18.3%	15.6%	2.7%
EBITDA	12.1%	10.1%	2.0%
Adjusted EBITDA	11.6%	9.6%	2.0%

Net margin % decreased by 90bps from 37.6% in the prior year to 36.7%, driven by product mix, as luxury watches and mix within this segment outperformed luxury jewellery. The impact on product margin mainly came from the UK while our US business growth was more broad-based.

Store costs decreased by £11.6 million (-6.5%) from the prior year, to £166.6 million. Store costs as a percentage of sales decreased by 360 bps from 22.0% to 18.4%. Property related costs reduced from FY20 by £23.3 million as a result of the UK business rates suspension (£11.4 million) and UK turnover rent savings of £13.5 million mainly driven by reduced travel retail. These savings were offset by additional store payroll costs of £5.4 million due to pay rises, commission and the impact of new stores along with £8.7 million of additional digital marketing investment, which successfully drove further traffic and conversion both online and in stores.

Whilst the UK stores were closed due to COVID-19 restrictions, the Group accessed the UK Government's furlough scheme. Throughout this period, the Group continued to supplement employee pay to the full contractual rates. The Group has fully committed to repay all furlough received from the UK Government during the FY21 financial year; this repayment has been provided for in the FY21 results and was paid in June 2021.

The Group also recognised £4.1 million of income under the US Government Paycheck Protection Program (PPP), which is a loan convertible to a grant under certain circumstances. The US PPP contributed to US payroll and rent costs during the period of the pandemic disruption.

Overheads increased by £11.2 million (+25.3%) due to employee incentives of £7.1 million, the committed Foundation donation of £1.5 million and increased salary costs of £2.0 million.

1 Refer to the Glossary on pages 216 to 217 for definition and reconciliation to statutory measures where appropriate.

Store opening and closure costs

Store opening and closure costs (£million)	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020
Store opening costs	2.4	1.7
Store closure costs	2.1	2.1
Total	**4.5**	**3.8**

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

The following stores were opened and closed in the year:

Store openings and closures	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020
Opened:		
UK	10	7
US	8	2
Total	**18**	**9**
Closed:		
UK	10	10
US	–	1
Total	**10**	**11**

Exceptional administrative items

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

Exceptional items (£million)	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020
Impairment of property, plant and equipment	3.2	3.8
Impairment of right-of-use assets	1.1	4.8
Expected credit losses	–	0.7
Reversal of expected credit losses	(0.2)	–
IPO costs	4.9	8.0
Legal expenses on business acquisition	0.1	0.3
Total	**9.1**	**17.6**

The COVID-19 pandemic has significantly impacted the profitability of certain stores within our network. The Group has reviewed the profitability of its store network, taking into account the future impact on consumer demand. The Group identified £4.3 million of fixed asset and right-of-use asset impairment linked to COVID-19.

The reversal of expected credit losses reflects the updated review of prior year (FY20) COVID-19 related provisions. As these impairments had been treated as exceptional items in FY20, their reversal in FY21 was taken to exceptional items.

The IPO costs of £4.9 million in the current year relate to IPO-linked share-based payments (FY20: £3.3 million); these costs will continue to be expensed until the second anniversary of the IPO. In the prior year, the Group also incurred a £2.1 million discretionary IPO bonus to employees following the success of the IPO and £2.6 million of legal and professional fees linked to the IPO.

Adjusted EBIT and statutory operating profit

As a consequence of the items noted above, Adjusted EBIT was £77.6 million, an increase of £21.7 million (+38.9%) on the prior year.

After accounting for exceptional costs of £9.1 million and IFRS 16 adjustments of £13.3 million, statutory operating profit (EBIT) was £81.9 million, an increase of +69.5% on the prior year.

Finance costs

Net finance costs (£million)	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020
Interest payable on borrowings	3.9	6.7
Amortisation of capitalised transaction costs	1.1	0.8
Foreign exchange loss/(gain)	0.3	(0.6)
Other	0.4	0.3
Interest receivable	(0.2)	(0.7)
Pre-IFRS 16 and exceptional finance costs	**5.5**	**6.5**
IFRS 16 interest on lease liabilities	12.7	11.8
Pre-exceptional finance costs	**18.2**	**18.3**
Exceptional finance costs	–	28.5
Total net finance costs	**18.2**	**46.8**

Interest payable on borrowings reduced by £2.8 million in the period, largely due to the refinancing which took place in June 2019. The prior year cost included 37 days of interest on the pre-IPO debt.

The IFRS 16 interest on lease liabilities has increased by £0.9 million as a result of new leases in the period.

In the prior year, the Group incurred a one-off early redemption fee of £21.7 million and wrote off £6.8 million of transaction costs capitalised under the pre-IPO facility. These were treated as exceptional finance costs.

Taxation

The effective tax rate for the year was 20.5%. This reflects a growing US business which accounts for 33.0% of Group revenue and where the corporate tax rate is higher than the UK, as well as non-deductible expenses.

The pre-exceptional, pre-IFRS 16 effective tax rate was slightly higher at 20.8%.

Earnings Per Share

Adjusted EPS from continuing operations increased by 7.2p to 23.8p in the current year and has been calculated as follows:

53 weeks ended 2 May 2021	Adjusted EPS	Statutory EPS
Profit after tax	£57.1m	£50.6m
Weighted average number of ordinary shares	239,455,554	239,455,554
EPS	**23.8p**	**21.1p**

52 weeks ended 26 April 2020	Adjusted EPS	Statutory EPS
Profit after tax	£38.8m	£0.5m
Weighted average number of ordinary shares	233,733,000	233,733,000
EPS	**16.6p**	**0.2p**

BALANCE SHEET

Balance Sheet (£million)	2 May 2021	26 April 2020
Goodwill and intangibles	150.6	154.8
Property, plant and equipment	93.7	101.4
IFRS 16 right-of-use assets	253.7	251.6
Inventories	226.4	243.4
Trade and other receivables	10.4	10.9
Trade and other payables	(151.8)	(139.1)
IFRS 16 lease liabilities	(301.4)	(308.0)
Net debt[1]	(43.9)	(129.7)
Other	12.6	14.2
Net assets	**250.3**	**199.5**

Property, plant and equipment decreased by £7.7 million in the year. Additions of £24.1 million were offset by depreciation of £24.0 million, COVID-19 related impairments of £3.2 million and a foreign exchange impact of £3.9 million.

Including software costs, which are disclosed as intangibles, total capital additions were £26.0 million (FY20: £23.4 million) of which £23.1 million (FY20: £20.7 million) was expansionary. Expansionary capex relates to new stores, relocations or major refurbishments (defined as costing over £250,000). In the period, the Group opened 18 stores, expanded four and refurbished four stores. Investment in our store portfolio is paramount to our strategy and the Group follows a disciplined payback policy when making capital investment decisions.

Lease right-of-use assets have increased since 26 April 2020 by £2.1 million to £253.7 million. Additions to the lease portfolio along with lease renewals or other lease changes have increased the balance by £51.4 million. This has been offset by depreciation of £37.9 million, COVID-19 related impairments of £1.2 million and a foreign exchange impact of £9.9 million.

Lease liabilities have decreased by £6.6 million. The portfolio changes noted above increased the lease liability by £49.3 million. Interest charged on the lease liability also increased the balance by £12.7 million offset by a foreign exchange gain of £11.9 million. Lease payments have reduced the balance by £56.7 million, giving a lease liability balance of £301.4 million. This means that the net lease liability on 2 May 2021 was £47.7 million, compared to £56.4 million at the FY20 year end.

Inventory levels decreased by £17.0 million compared to the prior year as FY20 included higher levels of stock due to the timing of the first COVID-19 lockdown.

1 Refer to the Glossary on pages 216 to 217 for definition and reconciliation to statutory measures where appropriate.
2 Maximum subject to asset borrowing base

Trade and other receivables are broadly in line with the FY20 year end. On 16 September 2020, the Group completed a transaction to remove the recourse obligation on £1.3 million of in-house credit balances provided by a third party. As the Group has no future liability for this, the balance is no longer recognised in the Balance Sheet. A gain of £0.4 million was made on the transaction, of which £0.2 million has been recognised in exceptional items. On 13 November 2020, the Group sold the remaining in-house credit debtors totalling £0.8 million (after provisions for expected credit losses) to a third party. Following the sale, the Group has no liability in relation to these debtors and the transaction resulted in £nil gain or loss.

Compared to FY20, trade and other payables have increased by £12.7 million. Included within trade creditors at the year end was the UK furlough repayment of £6.8 million and Foundation donation of £1.5 million which were fully committed to at the year end. FY21 trade and other payables also includes employee incentive accruals, whereas bonus targets were not met in FY20.

Other includes taxation balances and the defined benefit pension obligation of £2.6 million (FY20 £2.7 million).

Net debt and financing

Net debt on 2 May 2021 was £43.9 million, a reduction of £85.8 million since 26 April 2020, driven by £109.7 million of free cash flow[1] offset by £21.2 million of expansionary capex. During the period of lockdown, management focused on cost control and cash preservation.

During the period, the Group entered into a new £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 year.

At 2 May 2021, the Group had a total of £197.5 million of maximum available committed facilities.

Facility (million)	Expiring	Amount
UK Term Loan – UK LIBOR +1.75% to +2.80%	June 2024	£120.0
UK Revolving Credit Facility – UK LIBOR +1.50% to +2.55%	June 2024	£50.0
US Asset Backed Facility – US LIBOR +1.25% to +1.75%	April 2023	$60.0[2]

At 2 May 2021, £120.0 million of these facilities were drawn down. Liquidity headroom (defined as unrestricted cash plus undrawn available facilities) was £143.5 million.

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

CASH FLOW

Cash flow (£million)	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020
Adjusted EBITDA	**105.4**	**78.1**
Share-based payments	0.8	–
Working capital	13.9	(7.3)
Pension contributions	(0.7)	(0.7)
Tax	(9.6)	(7.5)
Government grants received	5.4	1.3
Cash generated from operating activities	**115.2**	**63.9**
Maintenance capex[1]	(1.0)	(1.5)
Interest	(4.5)	(11.6)
Free cash flow	**109.7**	**50.8**
Free cash flow conversion[1]	**104.1%**	**65.6%**
Expansionary capex	(21.2)	(27.2)
Acquisition	(1.4)	(31.1)
Exceptional items	(0.2)	(5.0)
Net proceeds from IPO	–	147.8
Financing activities	(82.1)	(98.3)
Cash flow	**4.8**	**37.0**

Free cash flow increased by £58.9 million (115.9%) to £109.7 million in the period to 2 May 2021 and free cash flow conversion was 104.1% compared to 65.6% in the prior year. In addition to the strong trading (Adjusted EBITDA increased by £27.3 million), a favourable working capital movement was achieved, £21.2 million higher than the previous year. Working capital benefitted from the stores reopening in the UK in April 2021 compared to closure in FY20, with lower stock levels and higher creditors. Free cash flow was used to repay all short term borrowings of £82.1 million.

In the prior year, £8.2 million of the interest payment related to 4.5 months of accrued interest for the listed bond, which was repaid on 4 June 2019 using the net proceeds from the IPO.

Expansionary capex of £21.2 million (after taking into account the associated creditors movement) was lower than the prior year due to the timing of capital projects due to UK lockdown; these projects have shifted into FY22 and are reflected in our guidance.

RETURN ON CAPITAL EMPLOYED (ROCE)[1]

	53 weeks ended 2 May 2021	52 weeks ended 26 April 2020
ROCE	19.7%	15.8%

ROCE increased by 390 bps from 15.8% to 19.7% in the period demonstrating improved capital efficiency. This is as a consequence of Adjusted EBIT increasing by +38.9%, compared to the increase in average capital employed of +11.0%.

A MULTI-CHANNEL NETWORK

Our stores 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 stores 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 stores and in Las Vegas, New York and Boston with Watches of Switzerland stores. More recently, the Group has entered new markets with its mono-brand boutique format, including Santa Clara, California; King of Prussia, Pennsylvania; and Nashville, Tennessee.

> "What differentiates us is what we sell and how we sell it. We provide an exceptional experience to our customers through our stores, which are modern, inviting and luxurious and staffed by our highly trained, expert colleagues."
>
> BRIAN DUFFY
> CHIEF EXECUTIVE OFFICER

FLAGSHIPS

Located in the most prestigious locations, flagship stores typically feature a more extensive product offering in a larger footprint relative to other stores in the portfolio, as well as dedicated spaces to host special customer events. In the UK, this channel is represented by the "Golden Triangle" Watches of Switzerland stores in central London, comprised of Regent Street, Oxford Street and Knightsbridge. In addition, in FY21 we also opened a new two-storey flagship store in Broadgate, London, in the city's financial district.

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

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. In FY21, we opened eight mono-brand boutiques in the US across OMEGA, TAG Heuer and Breitling and in the UK, we opened nine mono-brand boutiques across Rolex, Tudor, TAG Heuer, OMEGA and Breitling. As at 2 May 2021, we operated a global network of 39 mono-brand boutiques, including 26 in the UK and 13 in the US.

TRAVEL RETAIL

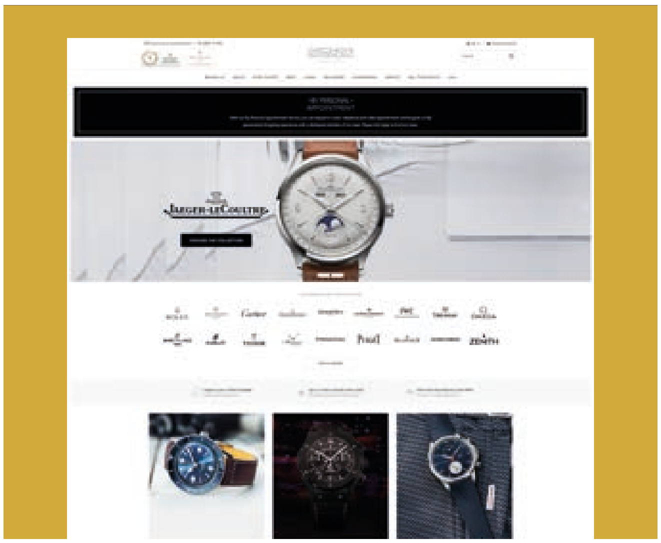
Travel retail provides high visibility in a prominent setting to a discerning international customer base. The Group maintains a strong presence in Heathrow Airport in Terminals 2, 3, 4 and 5 with Watches of Switzerland stores and Rolex mono-brand boutiques and is present in a Gatwick North Terminal with a Watches of Switzerland store. As at 2 May 2021, the stores in Heathrow Terminal 3 and Terminal 4 remain temporarily closed, due to the COVID-19 pandemic.

US

Stores in our US portfolio are predominantly shopped by the domestic customer. The Mayors network is located in Florida and Georgia, with an ongoing store elevation programme. We operate two Watches of Switzerland flagship stores 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 stores located within the Wynn Resort, including a multi-brand store and Rolex, Breitling and OMEGA mono-brand boutiques.

UK REGIONAL

Outside London, a well-situated network of premium regional stores in the UK provides scale and national coverage and caters to a more local, domestic customer base. Multi-brand stores across all three fascia (Watches of Switzerland, Mappin & Webb, Goldsmiths) are located in high profile, prominent locations, primarily shopping centres, in cities such as Manchester, Birmingham and Liverpool.



ECOMMERCE

Through our six 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 customer experience, through initiatives such as next day delivery, the "By Personal Appointment" booking service, both in-store and virtual, and the introduction of the Virtual Luxury Watch and Jewellery Boutique. The ecommerce platform is built on SAP Commerce, which offers the benefit of a common ERP and ecommerce technology vendor.

A WELL-INVESTED PORTFOLIO

Our multi-channel leadership has been established through a network which includes multi-brand stores, a presence in travel retail, a strong online platform and a growing portfolio of mono-brand boutiques in partnership with Rolex, Tudor, TAG Heuer, OMEGA, Audemars Piguet, Breitling and FOPE. Our well-invested portfolio consists of 118 stores in the UK (excluding non-core stores[1]) and 30 stores[1] in the US.

WATCHES OF SWITZERLAND

SINCE 1924

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, Cartier, OMEGA, 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 stores in leading retail destinations across the UK, in London, Manchester, Glasgow, Birmingham, Brighton and Cardiff. Watches of Switzerland also has a strong presence in Terminals 2, 3, 4 and 5 at Heathrow Airport including three Rolex mono-brand boutiques and a presence in Gatwick North Terminal at Gatwick Airport. In 2018 Watches of Switzerland went international and now has two stores in New York, one in the Wynn Resort, Las Vegas and one in the Wynn Resort, Boston.

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.

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 store environment.

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

1 Refer to the Glossary on page 216 to 217 for definition.

Mappin & Webb

LONDON

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

SINCE 1778

Goldsmiths has been elevated and transformed over the last seven years into a modern, dynamic, luxury watch retailer complemented by a luxury jewellery offer which includes brands such as FOPE, Messika, Gucci, Jenny Packham and Mappin & Webb.

Goldsmiths is the destination for luxury watches such as Rolex, OMEGA, Tudor, TAG Heuer, Breitling and Cartier in key cities including Newcastle, (where the Goldsmiths brand began in 1778), Manchester, Sheffield, Birmingham, Liverpool and Glasgow.

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

2021 will be an exciting year for Goldsmiths with the roll-out of the new Luxury store concept elevating the portfolio of stores to a new level. Goldsmiths also trades successfully online with goldsmiths.co.uk.

EST 1910

MAYORS

FINE JEWELRY & TIMEPIECES

Mayors is one of the most recognised luxury watch and jewellery retailers in the US, operating in Florida and Georgia with a portfolio of stores including a Rolex mono-brand boutique located in The Mall at Millenia, Orlando, Florida and an Audemars Piguet mono-brand boutique in Lenox Square, Atlanta, Georgia.

Mayors offers a prestigious collection of brands such as Rolex, Cartier, IWC, OMEGA, TAG Heuer, Jaeger-LeCoultre, Vacheron Constantin, 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 customer service.

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

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.

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 customers'. Growing revenue is a key pillar of our business strategy.

PERFORMANCE (£ MILLION)

2021	905.1
2020	810.5

Revenue grew +11.7% in the year despite the impact of COVID-19 lockdowns and significantly reduced store traffic, tourist spend and airport business during FY21. Further details on the revenue performance in the year are detailed in the Financial Review on pages 60 to 65.

LINK TO STRATEGY

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 strategy.

PERFORMANCE (£ MILLION)

2021	81.9
2020	48.3

Operating profit grew by +69.5% in the year, as a result of higher revenue leading to the leveraging of fixed costs and £8.5 million reduction in exceptional costs in the year. Further details on profit performance in the year are detailed in the Financial Review on pages 60 to 65.

LINK TO STRATEGY

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.

This measure was linked to management incentives in the financial year.

PERFORMANCE (£ MILLION)

2021	77.6
2020	55.9

Adjusted EBIT increased by +38.9% 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 60 to 65.

LINK TO STRATEGY

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.

PERFORMANCE (p)

2021	21.1
2020	0.2

Basic EPS has grown from 0.2p to 21.1p in the year, reflecting the increase in profitability in the year.

LINK TO STRATEGY

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. Customer experience and market risks
4. Colleague talent and capability
5. Business interruption and IT infrastructure
6. Data protection and cyber security
7. Regulatory and compliance
8. Economic and political
9. Brand and reputational damage
10. Financial and treasury

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Enhance strong brand partnerships
- Deliver exceptional customer service
- Drive customer awareness and brand image
- Leverage best in class operations
- Expand multi-channel leadership

ADJUSTED EPS

DEFINITION AND PURPOSE

Basic Earnings Per Share adjusted for exceptional items as disclosed in note 4 to the financial statements. This measure is reconciled to statutory measures in note 10 to the 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.

This measure was linked to management incentives in the financial year.

PERFORMANCE (p)

2021 23.8
2020 16.6

FY21 Adjusted EPS increased by +43.4% relative to the prior year, reflecting the increase in profitability during the year.

LINK TO STRATEGY

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 216.

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

PERFORMANCE (%)

2021 19.7
2020 15.8

The increase in ROCE in the year largely reflects the increase in Adjusted EBIT.

LINK TO STRATEGY

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)

2021 169.8
2020 102.0

Cash generated from operations increased by £67.8 million. Further details on cash flow performance in the year are detailed in the Financial Review on pages 60 to 65.

LINK TO STRATEGY

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 store costs shown as a % of revenue. Refer to the Glossary on page 216 for a reconciliation of this measure to statutory IFRS measures.

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

PERFORMANCE (%)

2021 18.3
2020 15.6

4-Wall EBITDA % improved by 270 bps to 18.3%, demonstrating an improvement in the store profitability in the year.

LINK TO STRATEGY

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 4 8 9

PRINCIPAL RISKS AND UNCERTAINTIES

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

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Drive customer awareness and brand image
- Enhance strong brand partnerships
- Leverage best in class operations
- Deliver exceptional customer service
- Expand multi-channel leadership

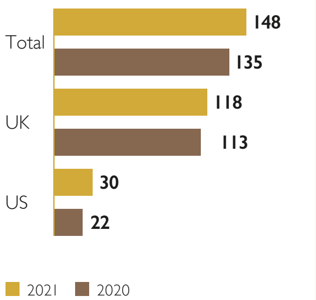
NON-FINANCIAL PERFORMANCE

NUMBER OF STORES

DEFINITION AND PURPOSE

Number of stores at the end of the financial year. Excludes six (FY20: 11) non-core[1] stores. This metric demonstrates the Group's size and scale.

PERFORMANCE



In the UK, the Group opened ten stores and closed five. The Group's mono-brand boutique expansion in the US was further advanced in FY21, where eight mono-brand stores were opened.

LINK TO STRATEGY

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

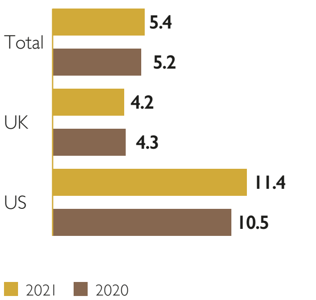
1 2 4 5 8 9

SALES PER DOOR

DEFINITION AND PURPOSE

Revenue from stores divided by the average number of stores (including non-core stores) in the year. This metric is a measure of store productivity.

PERFORMANCE (£M)



Sales per door increased by +3.7% in the year, despite the periods of COVID-19 lockdown. The UK sales per door were significantly impacted by several prolonged periods of closure due to COVID-19.

LINK TO STRATEGY

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

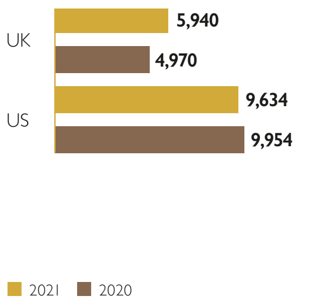
1 2 3 4 8

LUXURY WATCHES AVERAGE SELLING PRICE

DEFINITION AND PURPOSE

The luxury watch Average Selling Price (ASP) represents revenue generated (including sales-related taxes) in a period from sales of the luxury watch 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.

PERFORMANCE (£)



ASP in the UK grew by +19.5%, mainly due to product mix and higher mix of higher value product such as precious metals. ASP in the US reduced in the year due to the impact of currency translation; on a constant currency basis ASP increased by +1.7%.

LINK TO STRATEGY

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 5 8 9

1 Refer to the Glossary on page 216 for definition.

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, employee, 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	Environment Responsible Trading Task Force on Climate-related Financial Disclosures	98 94 100	We are an accredited member of the Responsible Jewellery Council Corporate social responsibility report* Supplier manual
2. Employees	Whistleblowing Employee code of conduct Health and safety Dignity at work Equality and diversity Family friendly Employee handbook Health and safety Flexible working COVID-19	Section 172 Statement – Colleagues People and Culture Anti-Bribery, Corruption, Taxation and Health and Safety Corporate Governance Statement Nomination Committee Report Directors' Remuneration Report	76 84 96 121 134 141	Gender pay gap report* Corporate social responsibility report* Company-wide engagement survey Designated Non-Executive Director for Workforce Engagement One Communication (platform) Values Vibe Platform
3. Social matters	COVID-19	Section 172 Statement – Community Community	82 90	We are an accredited member of the Responsible Jewellery Council Corporate social responsibility report*
4. Respect for human rights	Responsible sourcing No dirty gold Supplier handbook Dignity at work Equality and diversity Whistleblowing	People and Culture Responsible Trading Anti-Bribery, Corruption, Taxation and Health and Safety Corporate Governance Statement	84 94 96 121 89 and 97	Modern Slavery Statement* We are an accredited member of the Responsible Jewellery Council Corporate social responsibility report* Supplier manual
5. Anti-corruption and anti-bribery matters	Anti-bribery and corruption Anti-money laundering	Anti-Bribery, Corruption, Taxation and Health and Safety Corporate Governance Statement	96 121	Tax strategy statement* Supplier manual
Other information:				
Business model		Business Model	58	
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	102 105 114	
Relevant non-financial KPIs		Key Performance Indicators	70	

An overview of our engagement with employees, customers, suppliers and other stakeholders can be found on pages 74 to 83 within our Section 172 Statement in compliance with the Companies Act 2006.

* Available on our corporate website at thewosgroupplc.com

HOW WE ENGAGE WITH OUR STAKEHOLDERS

SECTION 172(1) COMPANIES ACT 2006 STATEMENT

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 all our stakeholders and to those ends, engagement with all of our stakeholder groups plays a vital role throughout the business.

A director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, taking into account the factors as listed in section 172(1) (a) to (f) of the Companies Act 2006 ("Section 172(1)").

The following pages give illustrations as to how our Directors have had regard to the need to foster the Company's business relationships with our partners, customers and others. In the Corporate Governance Report, we provide details of key Board activity which should be read in conjunction with this Section 172(1) statement.

BOARD ENGAGEMENT WITH STAKEHOLDERS

Through its programme of stakeholder engagement, the Board gains a meaningful insight into the views, priorities and issues facing its key stakeholder groups and helps the Group's leaders to reflect these in decision-making and planning.

The following sections set out some highlights from the Board's engagement with key stakeholders during the financial year, together with details of the actions taken as a result of this engagement.

The Board is closely connected to all of the engagement initiatives illustrated and receives Board reports from relevant members of the Senior Management team in each Board meeting as applicable.

The Company Secretary 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.

Decisions taken by the Board can impact key stakeholder groups in different ways. 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:

Colleagues: As a company built on values of trust and respect, our colleagues are at the very core of our business; we are proud to provide them with the tools to grow, learn and develop and become experts at their jobs, while ensuring a high level of engagement throughout the organisation.

Brand partners: 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.

Customers: Our customers 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 customer experience is a major point of difference that sets us apart from our peers.

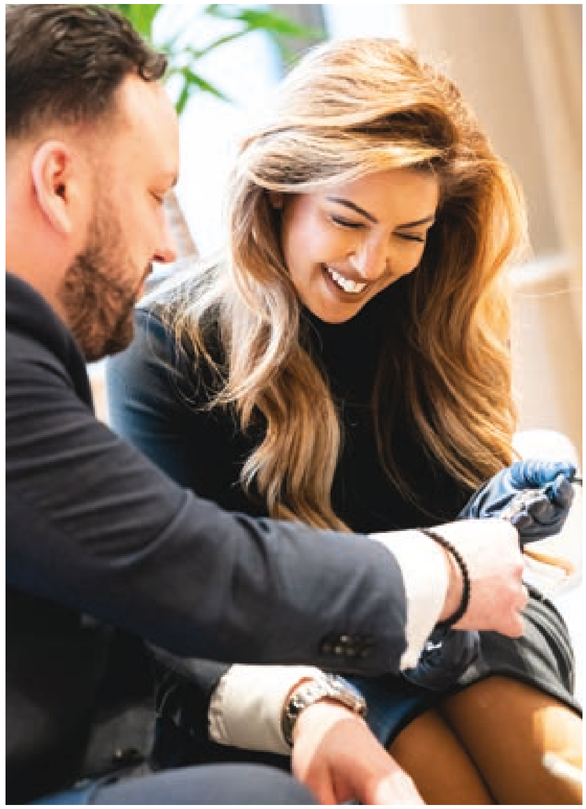
Other business relationships: We also aim to be a trusted partner for other suppliers which provide goods and services such as packaging, logistics and IT as well as our landlords and lenders. Our bricks and mortar store portfolio is an integral part of our multi-channel business model and the successful operation of our stores is dependent on maintaining strong and long-standing relationships with our landlords, which are primarily managed directly by our dedicated in-house team. We adopt a disciplined and thorough approach to expanding the network to welcome new suppliers, with a rigorous and analytical process in place. During the COVID-19 pandemic, we have further strengthened these relationships and increased the frequency of dialogue with our landlords in order to mitigate disruption and understand their concerns. We continue to work constructively with our landlords throughout this period and we are fully up to date with our agreed rental payments.

Finally, we are in regular contact and provide frequent business updates to our lenders, whose support has been invaluable in our goal to continue to grow the business. At the start of the COVID-19 pandemic, we worked with our lenders to secure Coronavirus Large Business Interruption Loan Scheme (CLBILS) funding to strengthen our liquidity position and sustain operations under a scenario of prolonged store closures and dampened consumer sentiment. As a result of a continued strong business performance, the facility was repaid in full and cancelled during the period.

For more information on our business relationships with suppliers, customers and others see the Business Model on page 58, Our Strategy on page 50 and the Responsible Trading Supply Chain section on page 94.

Community: Giving back to the communities in which we live and serve is central to our core values. We aim to be a socially responsible business and to ensure the wellbeing of our colleagues, brand partners, customers and communities.

Investors: As a listed company, we have a responsibility to provide the capital markets community with clear, 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.



THE FOLLOWING SECTION FOCUSES ON SOME OF THE KEY STAKEHOLDER GROUPS. THIS ILLUSTRATES HOW WE ENGAGE WITH THEM AND THE WAYS IN WHICH THE GROUP UNDERSTANDS WHAT IS IMPORTANT TO THEM.

COLLEAGUES
SEE PAGE 76

CUSTOMERS
SEE PAGE 78

BRAND PARTNERS AND SUPPLIERS
SEE PAGE 80

INVESTORS
SEE PAGE 81

COMMUNITY
SEE PAGE 82

COLLEAGUES

Our greatest asset is our people. Honoured to represent our prestige luxury brand partners, it is the shared goal of all colleagues to deliver an exceptional Watches of Switzerland Group experience that is welcoming, authentic and underpinned by deep category knowledge.

Core team values are embedded in our culture and never before have we seen such ingenuity, creativity and invention as colleagues and management teams have strived to stay engaged and in touch with one another during times when up to 80% of UK colleagues were furloughed.

During this year of uncertainty, we engaged with our colleagues by assuring them of our determination to protect jobs, safeguard income, promote learning and focus on communication. We adopted an 'all in it together' approach and colleagues who were furloughed received identical treatment to those who were fortunate to be able to keep working.

During these exceptional times and at the height of the COVID-19 pandemic, the Board was kept informed of the impact to the workforce via a number of Board meetings called outside the annual schedule. The Board approved the decision to top up salaries to full base pay for furloughed colleagues and during the year, Rosa Monckton in her capacity as Designated Non-Executive Director for Workforce Engagement (DNED) attended the Group's first Listening Forum. For an update on this, and what matters were raised by the workforce, see the People, Culture, Community and Environment section on page 84.

HOW WE ENGAGE WITH OUR COLLEAGUES

LEARNING & DEVELOPMENT

Learning and development (L&D) is highly valued at the Watches of Switzerland Group and during a year of disruption and lockdown, our L&D teams launched an innovative, accessible to all e-learning platform and quickly became experts in virtual training delivery. They developed new suites of content and, in return, colleagues truly surpassed themselves with their appetite for self-development. Our teams are more highly trained than ever and we are looking forward to raising the bar again with the global launch of an exciting new customer experience programme in FY22.

HOW ARE WE DOING? ENGAGEMENT SURVEY & LISTENING FORUM

Understanding what matters to our colleagues is important to us. Just prior to the first COVID-19 lockdown in March 2020, we launched our first Company-wide engagement survey and were delighted with the participation level of 89% and the resulting engagement score of 85%. UK and US Listening Forums were launched in Q3 FY21 to further explore themes raised by the survey and Rosa Monckton, DNED reported back to the Board from the first UK meeting.

VIRTUAL Q&A, TOWN HALL MEETINGS AND CONFERENCES

During the course of the year, Brian Duffy, CEO, Craig Bolton, Executive Director UK, David Hurley, Executive Vice President US, Ruth Benford, Executive Director Marketing and a number of other senior managers held a wide range of business update meetings, conferences and Q&A sessions.

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

BRIAN DUFFY
CHIEF EXECUTIVE OFFICER

THE COG & CARAT IN THE UK AND THE WATER COOLER CHAT ROOM IN THE US

With stores and offices closed during a significant portion of the year, the internal communications teams in the UK and in the US rose to the challenge and did not disappoint. In the UK a virtual pub called The Cog & Carat opened its doors to showcase willing colleagues' talents with a series of Friday night gigs and weekly pub quizzes. In the US, a virtual Water Cooler Chat Room enabled colleagues to stay in touch with one another remotely.

As the year progressed, the focus moved to wellbeing and ensuring that colleagues felt supported during the protracted periods of lockdown and working from home.

ONE COMMUNICATION PLATFORM

Our award-winning communication portal enables us to stay in touch on a daily basis with our over 2,000 colleagues in the UK and in the US. During the period of store and office closures, it became an invaluable host for the wide range of communications including weekly messages, competitions, challenges and Zoom Q&A sessions issued at the time.

FAIRNESS & CONSISTENCY

We aligned pay and reward structures across the UK fascia at the time of the FY21 pay review. A single, transparent pay structure was launched, increasing pay rates and linking them to learning achievements. In the Support Centres, colleagues were awarded a higher annual pay rise than the managerial population. The majority of colleagues in the UK earn considerably more than the National Living Wage. In the US, we introduced a 401K match for colleagues in New York and Florida. Colleagues in Las Vegas already had a legacy 401K contribution.

Our UK Gender Pay Report 2020 shows a gender pay gap in the upper quartile of our business only and we have continued to recruit a number of senior women to our Executive team during the past few years.

VIBE! RECOGNITION PROGRAMME

Another award-winning initiative, VibE provides colleagues and leaders with the means to immediately recognise and celebrate our values and achievements via an online digital platform.

At least twice in an ordinary year, the CEO and other members of the Executive Team go on the road to deliver business updates to all our colleagues in the UK and US. Please refer to the People and Culture section on page 84 for further details.

CUSTOMERS

We listen to our customers and respond to their feedback using the engagement mechanisms discussed below. We take their needs and views into account as we make important business decisions and ensure we provide an exceptional level of service. During a year of significant disruption, we further elevated our level of engagement with our customers, ensuring the dialogue remained open even if our stores were closed with the launch of several new initiatives including our "By Personal Appointment" booking service and ongoing dialogue through our digital channels.

HOW WE ENGAGE WITH OUR CUSTOMERS

CRM AND CLIENTELING

As a result of the COVID-19 pandemic and prolonged periods of store closures, particularly in the UK, there was minimal in-person event activity. We were innovative in finding new ways to connect, and remain highly engaged with our customers, driven by CRM and clienteling initiatives.

"BY PERSONAL APPOINTMENT"

We introduced our "By Personal Appointment" booking system to enable our customers to reach out to local store expertise remotely through video, voice or in-person. Since its launch in July 2020, during the financial year we booked over 140,000 appointments which generated a high level of conversion and engagement with our customers and enabled us to offer a more personalised level of service.

PERSONALISED LUXURY, VIRTUAL BOUTIQUE

We continue to enhance our online customer experience. In October 2020, as we entered the second UK lockdown, we launched our Luxury Watch and Jewellery Virtual Boutique, doubling the Live Video, Voice and text support capacity. This team was recruited from our watch showrooms, enabling us to guarantee best in class customer service and expertise, available to our UK and US customers, early to late, seven days a week. In April 2021 we expanded this service further to provide an identical service across our full range of luxury jewellery.

CUSTOMER SATISFACTION

We use a variety of tracking methods to monitor customer satisfaction in the UK and the US including NPS, Feefo, Podium and Medallia. In the UK, our NPS of 85% has been maintained, whilst in the US we use Podium to measure in-store experiences and received a rating of 4.9 out of 5.0.

In addition, we continue to monitor our level of service in store in the UK and in the US through our mystery shopping programme. Physical store visits and digital enquiries are also conducted to measure the joint expectations of key partner brands. Finally, our dedicated customer service team is in place to ensure customers receive the level of support required in the event expectations have not been met. Any complaint received is shared with the relevant areas of the business and ensuing actions are discussed and decided upon in a timely manner.

SOCIAL

We engage with our customers via social media, highlighting our products and new product launches as well as celebrating key gifting moments. With a community of over 650,000 followers across our Group, social media not only gives us an opportunity to have a narrative with an engaged and interested watch and jewellery audience, but also allows us to have dialogue and interact with them as they comment on our posts.


ROLEX


IWC

BRAND PARTNERS & SUPPLIERS

We maintain an active, cross-departmental dialogue with our brand partners to identify distribution opportunities and partner on demand forecasting, product launches, store projects, online, clienteling initiatives, learning and development programmes and marketing activities, aimed at optimising the business in the near term and planning for longer term growth. 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 ENGAGE WITH OUR BRAND PARTNERS AND SUPPLIERS

PRODUCT LAUNCHES

Our business is highly data-driven with sophisticated systems providing a significant level of insight on market trends, which form part of the ongoing dialogue we have with our brand partners. In response to the cancellation of trade fairs due to COVID-19, we found innovative ways of introducing new ranges, partnering with brands to launch exclusive products via specifically designed programmes and events; product exclusives have included Breitling Exclusive Special Edition Premier B01 Chronograph, Hublot Ceramic Classic Fusion Chronograph and Grand Seiko Toge, whilst for IWC we partnered on the Pilot's Watch Chronograph Edition "Tribute to 3705", an online exclusive.

DISTRIBUTION OPPORTUNITIES

We work closely with our brand partners to identify distribution opportunities across the market. Once projects are agreed, we present the concepts to the brands and have a joint discussion to find and agree the optimum space layout.

We continue to expand 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.

LEARNING AND DEVELOPMENT

We collaborate with our brand partners to provide our colleagues with extensive learning and development to equip them with the necessary level of expertise and knowledge on the products we sell. During the year, several new e-learning initiatives were introduced including the Rolex Academy, a programme completed by 600 colleagues by the year-end.

ETHICAL SUPPLY CHAIN

We have been an active member of the Responsible Jewellery Council (RJC) since 2011. The latest RJC Certification Audit was conducted in 2020 when we gained re-certification for the UK business and successfully incorporated the US elements of the organisation into the certification process for the first time, following an independent third party audit aligned with ISO 7011 and ISEAL Assurance Code. Prior to the audit and following a robust self-assessment exercise, the Group took additional steps in both the US and UK to bolster its credentials for re-certification including the appointment of UL LLC as our supplier due diligence partner. We encourage all relevant suppliers to become members of the RJC and independently of this we work to an established code of conduct to ensure ethical standards are adhered to. Please see page 94 for more details.

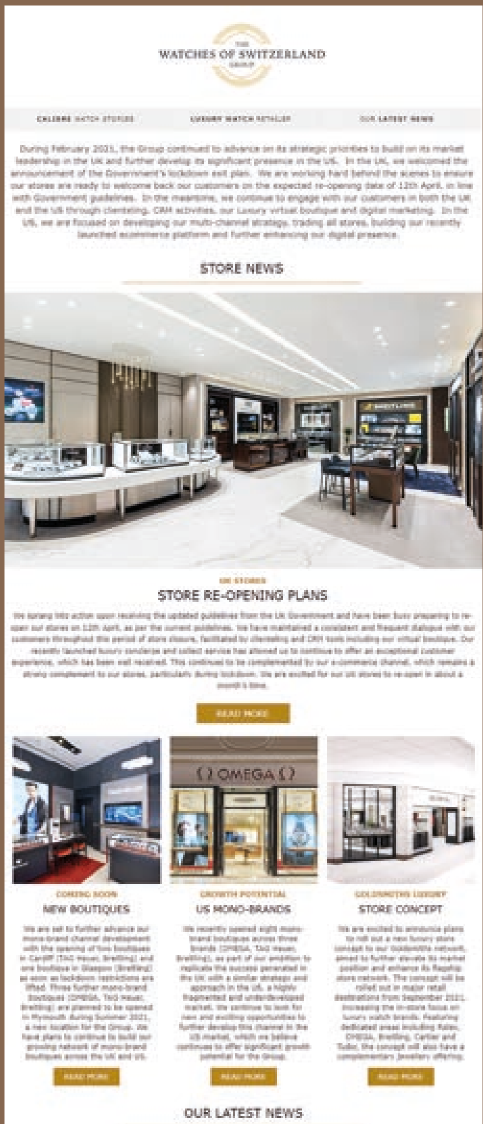
Calibre Podcast in partnership with Panerai

600

COLLEAGUES COMPLETED THE ROLEX ACADEMY PROGRAMME

Virtual customer event in partnership with Tudor

INVESTORS



Monthly investor newsletter

As a publicly listed company, we recognise the importance of communicating our strategy and business performance regularly, clearly and consistently.

We frequently engage with our investors and the broader capital markets audience. Investor feedback received is shared regularly with the Board, with viewpoints considered in the Company's decision-making and communications.

See the Corporate Governance Report on page 119 for more information on major shareholders and acting fairly between members.

HOW WE ENGAGE WITH OUR INVESTORS

INVESTOR RELATIONS

We engage with investors through a variety of communications and events, including meetings and roadshows, as well as through our corporate website, monthly investor newsletter and via our dedicated investor relations colleague. We engage a PR agency to oversee our financial PR programme, resulting in enhanced media and PR activity, with CEO interviews and press coverage in high quality sources.

FINANCIAL COMMUNICATIONS AND EVENTS

Our financial reporting programme provides fair, balanced and clear updates on our strategy and business performance at regular intervals. We provide quarterly trading updates, half year results and full year results, all of which are followed by conference calls or presentations hosted by Senior Management. In July 2021, we will be hosting a capital markets event in which we will provide a long range plan and targets for the business. When COVID-19 pandemic regulations allow, we will resume hosting management-guided store tours and other in-person events.

ANNUAL GENERAL MEETING

Our AGM will be held on 2 September 2021, where the Group will present its Annual Report and Accounts and shareholders will be able to vote on a number of matters.

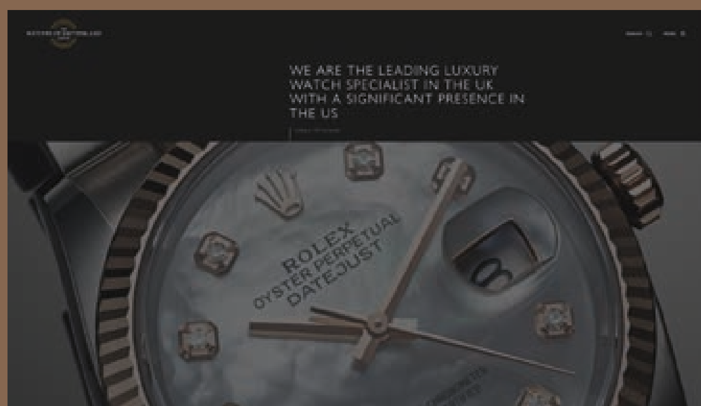
ANNUAL REPORT AND ACCOUNTS

Our Annual Report and Accounts includes important information about our results, markets, business model, strategy, risks and governance.

CORPORATE WEBSITE & NEWSLETTER

Our corporate website provides extensive information about our business and our brand partners as well as the latest news updates. During the year, we introduced a monthly investor newsletter which features the latest product news, updates on our store portfolio as well as a summary of recent corporate and financial developments.

> "We engage with investors through a variety of communications and events, including meetings and roadshows, as well as through our corporate website, monthly investor newsletter and via our dedicated investor relations colleague."
>
> BRIAN DUFFY
> CHIEF EXECUTIVE OFFICER



The Watches of Switzerland Group corporate website

COMMUNITY

We place great importance on giving back to the communities in which we live and work and one of our core values is that 'We Do The Right Thing'. In FY21, we continued to develop our corporate partnership with The Prince's Trust supporting UK programmes and also sponsoring the launch of The Prince's Trust USA. In response to the COVID-19 pandemic we also launched a food bank programme in both the UK and US.

After giving consideration to the future and in order to further enhance our charitable efforts, the Group has announced the intention to launch The Watches of Switzerland Group Foundation. The initial Company donation to the Foundation is £1.5 million with an additional £1.5 million planned in FY22.

HOW WE ENGAGE WITH OUR COMMUNITY

THE PRINCE'S TRUST

The Watches of Switzerland Group's partnership with The Prince's Trust continues to go from strength to strength. In line with our own global footprint, the Group was honoured to sponsor the launch of The Prince's Trust USA with a virtual event co-hosted by Brian Duffy, CEO, Jessica Greer Morris, CEO The Prince's Trust USA and Lionel Richie, Global Ambassador.

In 2020, we were pleased to donate £100,000 to support educational programmes and a further £50,000 to the Young People's Relief Fund which was set up in direct response to the impact that COVID-19 has had on the lives of young people specifically.

Over the past two years we have supported over 1,400 young people in the UK.

Launch of The Prince's Trust America, Watches of Switzerland, Soho, New York

Little Acorns presentation by Craig Bolton, Executive Director UK

The Little Acorns project uses the inspiring stories from the world of luxury watches alongside the Watches of Switzerland Group story and that of the presenter to educate young adults about the exciting opportunities a career in retail can offer.

SPONSORING

We continue to sponsor the National Young Ambassador Awards for The Prince's Trust and this year extended our sponsorship to three Regional Awards, supporting awards in the North, the Midlands and London. Nikki Zamblera, Executive Director HR was honoured to lead the judging panel for the Watches of Switzerland Group Young Changemaker of the Year Award.

VOLUNTEERING

Prior to the COVID-19 pandemic lockdown in the UK, colleagues engaged in a number of ways, training to become mentors, and running a number of 'World at Work' days.

During the lockdown period, we supported the Young Entrepreneurs programme with a number of live webinars from Brian Duffy, CEO and Craig Bolton, Executive Director UK.

FUNDRAISING

During the course of lockdowns in the UK, our teams and regions became involved in a number of local fundraising challenges to support their local communities.

COVID-19 COMMUNITY RESPONSE – FOOD BANK PROGRAMME

As a result of the huge demand on food banks due to the COVID-19 pandemic, in Summer 2020 we donated £100,000 in the UK and $50,000 in the US to food banks. In keeping with our philosophy of supporting local communities, we selected seven locations in the UK and three in the US to be beneficiaries of this programme.

In December 2020, we decided to enhance this programme with further donations of £60,000 and $50,000.

Nikki Zamblera, Executive Director HR became a Trustee Director of the Leicester South Foodbank which is the Group Support Centre's local food bank.

LITTLE ACORNS PROJECT

Last year, Craig Bolton, Executive Director UK, delivered his Little Acorns presentation to over 150 schoolchildren in the Northeast. The Little Acorns project uses the inspiring stories from the world of luxury watches alongside the Watches of Switzerland Group story and that of the presenter to educate young adults about the exciting opportunities a career in retail can offer. The closure of schools for much of FY21 caused this programme to be put on hold but it will resume in FY22 and will expand to include a wider range of Senior Managers as presenters.

DIVERSITY AND INCLUSION

We were pleased to establish our first Diversity Council and to become a signatory of the British Retail Consortium's 'Better Jobs' Diversity & Inclusion Charter. Several of our female Executives support the established Retail Week's 'Be Inspired' initiative as programme Ambassadors and in FY22 we will also join the newly formed Diversity in Retail network founded and chaired by Tea Colaianni, Senior Independent Non-Executive Director.

Finally, we are proud to have made our first appearance in the Hampton-Alexander Report, which provides a ranking to FTSE 100 and FTSE 250 companies based on the gender composition of the Board, Executive Committee and their direct reports. In its final report, the Group ranked number 98 in the FTSE 250 Index for "Women on Boards and in Leadership" and number two in the personal goods sector.

£3m

PLANNED DONATION TO ESTABLISHING THE WATCHES OF SWITZERLAND GROUP FOUNDATION

£160k

DONATED TO FOOD BANKS IN THE UK DURING FY21

$100k

DONATED TO FOOD BANKS IN THE US DURING FY21

PEOPLE AND CULTURE

We have always known that our people are our greatest asset, but in FY21 – a year that saw three periods of enforced closures of our stores in the UK and significant disruption in the US – our teams have surpassed themselves with their levels of commitment, engagement and creativity.

Across the Company, from stores to IT and ecommerce, from marketing to L&D, we have come together as never before to demonstrate the strength, ingenuity and resilience of our organisation. Each team and every colleague stepped up to play their part and we acted with pace to innovate, self-educate, support one another and stay ahead of the impact of the COVID-19 pandemic.

Our goal is to partner with the most prestigious luxury watch brands to deliver an exceptional customer experience that is welcoming, friendly and underpinned by deep category expertise. We are very pleased to have continued to meet expectations despite the enforced closure of our stores.

We are proud to have looked after our teams with everyone adopting an 'all in it together' approach. We took the view that those who were furloughed would much prefer to have been working and so we treated everyone in the same way. In the UK, salaries were topped up, in the US base pay was increased for lower paid colleagues while stores were closed and jobs were protected throughout the Group. Colleagues in our airport stores were redeployed when travel retail in the UK failed to reopen in June 2020. When stores did reopen, we took great care to ensure a COVID-19 safe environment for colleagues and customers alike.

Finally, FY21 saw leadership teams in the UK and US strengthened by a number of high potential new hires and we were pleased to rank in the top 100 of the Hampton-Alexander Women on Boards and in Leadership FTSE 250 listing 2021.

ENGAGING WITH COLLEAGUES IN UNUSUAL TIMES

Our award winning ONE communication platform enables us to speak to our colleagues every day and really demonstrated its worth this year as stores and offices were forced to close. We adapted quickly to lockdown restrictions in the UK to ensure that colleagues would be able to access the platform from home during the periods of lockdown.

From information about the steps we were taking to keep people safe as the COVID-19 pandemic developed, to practical guidance and regular communication from the Senior Team, ONE enabled us to stay in regular contact with our teams when our usual communication channels were challenged.

The internal communications teams in the UK and US are small but their creativity and innovation during the period of lockdown have done nothing but impress. With video content, Zoom Q&A sessions and the launch of a range of highly engaging competitions for colleagues and their children through the 'Keeping In Touch Tuesday' campaign, the Watches of Switzerland Group spirit continued to thrive for the duration of lockdown.

Amongst many initiatives, colleagues in the UK were invited to send in clips of themselves and families clapping for the NHS to create a moving montage of collective support; and colleagues' children designed watches and jewellery and baked cakes. Their parents were invited to compete in the Watches of Switzerland Group Masterchef competition and engage in fundraising initiatives as they saw fit.

LINK TO VALUES

- We are Enthusiastic
- We do the Right Thing
- We strive for Excellence
- We are Dedicated
- We are a Team
- We Care

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

- Colleague talent and capability
- Business interruption and IT infrastructure
- Brand and reputational damage

85%

ENGAGEMENT SCORE 2020

TOP

100

RANKING – HAMPTON-ALEXANDER FTSE 250 INDEX FOR WOMEN ON BOARDS AND IN LEADERSHIP

32,000

HOURS OF E-LEARNING COMPLETED IN THE UK IN FY21

13,250

HOURS OF TRAINING COMPLETED IN THE US IN FY21

In the UK, the opening of the Group's virtual pub The Cog & Carat through a closed Facebook group was a triumph which saw Quiz Nights, daily competitions and Friday night gigs performed by our many talented colleagues from their own living rooms. It was also an informal vehicle for serious Q&A sessions with the CEO and other senior executives. The pub went global with the launch of the Watches of Switzerland Group's Got Talent competition which saw entrants and winners from both sides of the Atlantic.

In the US, a virtual Water Cooler Chat Room enabled colleagues to stay in touch with one another while a Daily Read was circulated to keep teams up to speed with their industry knowledge.

In December 2020, we hosted a two-hour Christmas conference in the UK with a pre-recorded broadcast featuring a number of teams, Managers and members of the Trading Board. In the US, David Hurley, Executive Vice President US hosted his own holiday message with his teams.

Finally, during the course of the year, we also took the opportunity to move our popular, bi-monthly Clarity magazine onto a fully digital platform and were therefore very well placed to continue to share stories and news of colleagues' achievements.

LEARNING & DEVELOPMENT

We value learning very highly at the Watches of Switzerland Group and this year we saw unprecedented levels of training as colleagues determined to increase their skills and learning during lockdown. Our L&D teams in the UK and in the US quickly became experts in delivering virtual modules enabling us to extend our reach overnight and, with the launch of an innovative new e-learning platform, we developed exciting new content and a range of new training modules including anti-bribery and whistleblowing.

In the UK, colleagues completed over 32,000 hours of e-learning, with over 25,000 of these hours being completed on the new platform since its launch in August 2020. Modules ranged from brand and product knowledge to GDPR and the roll-out of a new Whistleblowing Policy and associated procedures. A further 11,000 hours of virtual training were completed over a five week period when we focused on delivering a new CRM workshop to over 1,000 store colleagues whilst stores were closed and 2,200 hours of sales training were also completed.

In September 2020, we were proud to develop and launch a new Rolex Academy. The programme consists of three modules each comprising three hours of learning and we were delighted that 600 Rolex agency colleagues successfully achieved their academy status. This programme will be rolled out to the US in FY22.

As part of our commitment to promoting career development, we have an established range of in-house training and development programmes including Bronze and Silver Academies and this year, in the UK, we increased the quantum of hourly pay rates linked to colleagues passing probation and successfully graduating from these Academies. 89% of UK colleagues have attended our in-house selling skills programme as at 2 May 2021.

As well as customer-facing training, we also rolled out a six part Managing People module for Store Managers and piloted a Mental Health programme for Heads of Department and Field Managers. We will extend this programme in FY22.

In the US, our range of programmes included timepiece 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 13,250 hours of training including more than 2,000 hours of brand training to support the highly successful launch of the new US mono-brand boutique strategy.

As we go into FY22 our teams have never been better trained and we are looking forward to raising the bar again with the global launch of an exciting new customer experience initiative in September and October 2021.

WIDER WORKFORCE ENGAGEMENT

We have always prided ourselves on our open, collaborative and inclusive management structure and were pleased to test our assumptions about the Group's culture with the launch of "How Are We Doing?", the Company's first engagement survey, in January 2020.

1,915 colleagues – 89% of our population in the UK and US – took part in the 40-question survey and we were delighted with the Group's resulting engagement score of 85%. These results were presented to the Board by Nikki Zamblera, Executive Director HR, in March 2020.

The Board and Rosa Monckton, DNED for Workforce Engagement, were particularly pleased to note that scores relating to confidence in the business's leadership, belief in there being a clear vision for the future of the Company and colleagues feeling positive about the future success of the business were amongst the highest scoring questions.

– 91% agreed/strongly agreed "I feel positive about the future success of the Company".
– 91% agreed/strongly agreed "I feel positive about the Company's goals".
– 90% agreed/strongly agreed "I am proud to work for this Company".

Due to the COVID-19 pandemic we have deferred the second survey until Autumn 2021 and look forward to seeing the results at that time.

“We have always known we are a people business, but the outstanding level of engagement during this last year has proved this definitively once and for all.”

BRIAN DUFFY
CHIEF EXECUTIVE OFFICER

selected as Representatives to provide feedback to the Board about employee sentiment and engagement. Following up on the "How Are We Doing?" engagement survey, Listening Forum Representatives were asked to feedback on three subject areas:

– Perceived barriers to career progression

– Ideas for lessening our impact on the environment

– Thoughts on how we manage change

Separate meetings were held in the UK and US chaired by Craig Bolton, Executive Director UK and David Hurley, Executive Vice President US and supported by Nikki Zamblera, Executive Director HR and Shirley Ingold, Vice President HR, US. Rosa Monckton, DNED for Workforce engagement, attended the UK meeting and provided feedback at the next Board meeting (please see page 144). The Forum has been very well received and one tangible outcome has been the creation of the Group's first Diversity Council which met for the first time in April 2021.

Each Listening Forum will meet several times a year, with Brian Duffy, CEO chairing the annual global meeting.

We are proud of the positive response from our workforce engagement initiatives and are continually striving to ensure that our colleagues' voices are heard.

DIVERSITY AND INCLUSION (D&I)

We believe in equality for all and are fully committed to promoting an inclusive culture and diverse workforce. Ensuring a culture of fairness and equity underpins our management decisions, actions and behaviours and we were pleased to note that in our engagement survey 85% of colleagues agreed or strongly agreed with the statement "Colleagues" individual differences are respected here (cultures, working styles, backgrounds, ideas)". That said, the Trading Board was interested to attend an Unconscious Bias training seminar facilitated for us by DWF PLC.

The composition of our Board was compliant with the final Hampton-Alexander Review and we were pleased to rank at 98 in their FTSE 250 Women on Boards and in Leadership listing. With regard to mandated gender pay reporting, we only have a pay gap in the Upper Quartile of the business. Although we will continue to make best efforts to reduce this gap as our Executive team grows, the stability of our Senior Team is an important factor in our success. Our Gender Pay Gap Report can be found here: thewosgroupplc.com

In March 2021, we signed up to the British Retail Consortium's Better Jobs Diversity & Inclusion Charter and Nikki Zamblera, Executive Director HR sits on the Steering Committee. In addition, a number of our female Executives are proud to serve as Ambassadors for the established Retail Week's 'Be Inspired' campaign.

Whilst overall responsibility for the oversight of our Diversity policy lies with the Board of Directors, in April 2021, we formed our first Diversity Council. Initially a subgroup of the Listening Forum, the Council will be co-chaired by Nikki Zamblera and Laura Battley, Company Secretary and General Counsel. We are in the process of collecting data to inform our D&I agenda and to date have 70% ethnicity data capture for UK colleagues. Based on analysis of this data to date, we believe that the Watches of Switzerland Group's teams are representative of the broad UK population. We intend to report this analysis in FY22.

All colleagues regardless of gender, race, religion, sexual orientation, disability, age, mental status, social background, family responsibilities, political or philosophical beliefs are treated with dignity and respect and our culture enables them to feel safe and empowered to work without fear of bullying and harassment.

Our Equality and Diversity policy ensures that development, promotion, opportunity and advancement are based solely on objective, measured criteria relevant to the situation and we are confident that women and men are paid equally for equivalent work. Full and fair consideration is given to job applications from disabled persons, taking into account their particular aptitudes and abilities.

TALENT AND SUCCESSION

As our business grows and develops, the ability to attract and retain talent is key. Our goal is to build a loyal team of highly trained and engaged colleagues who are committed to developing their careers with the Group. This year, in the UK, we reviewed our retail pay and commission structures to ensure consistent, competitive and transparent pay rates across all of our fascia and we will be implementing a similar review in the US in FY22. This transparency will support the development of careers within the Group and we are pleased that the majority of colleagues in the UK earn considerably more than the National Living Wage. In the US, we introduced a 401K match for colleagues in Florida, New York and Georgia. This starts to bring them in line with teams in Las Vegas who already had a matched programme.

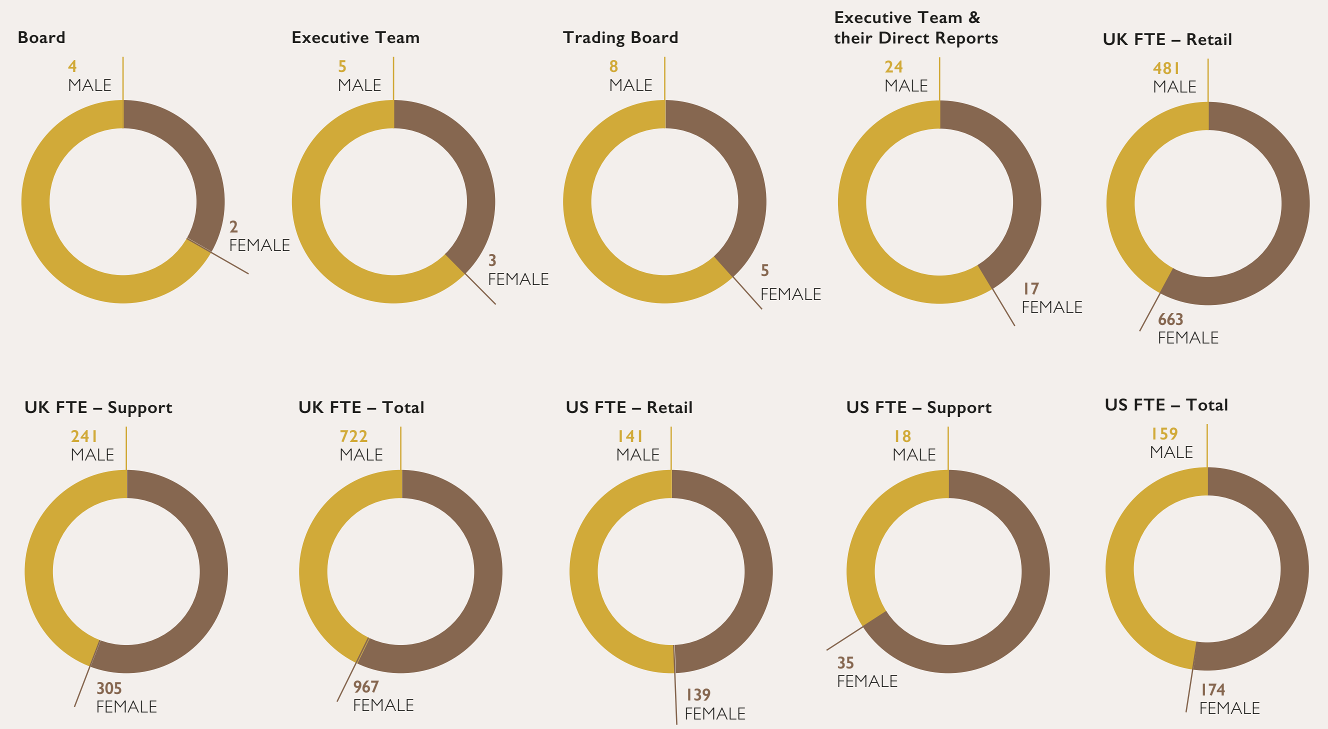
Opportunities exist across the Group for employees to discuss career development with their direct managers and the business encourages internal applications for open positions.

The strength of our talent planning and acquisition was showcased this year by our continued investment in the store network with the opening of nine new mono-brand boutiques in the UK and eight new boutiques in the US. With the opening of our new Watches of Switzerland Group flagship at Broadgate, London we were delighted to meet our internal target of 50:50 internal to external hires. This year, we also created a new Luxury Watch and Jewellery Virtual Boutique providing a state-of-the-art concierge service to our online customers. This team was initially founded by highly experienced members of our travel retail teams who were unable to return to work as a result of some airport stores not re-opening upon the end of the UK lockdowns.

17

NEW MONO-BRAND BOUTIQUES OPENED ACROSS THE GROUP

COLLEAGUE GENDER STATISTICS AS AT 2 MAY 2021



FTE = Full Time Equivalents

EMPLOYEE RELATIONS

We place high regard in treating all colleagues fairly and have well established procedures to enable colleagues to raise grievances formally or informally. All UK Store Managers are in the process of completing a new, six module Managing People e-learning programme and this will soon be rolled out to Managers in the Support Centre. It will be adapted for the US next year.

This year we also set up a third party whistleblowing line that allows confidential reporting by all colleagues, with the option of maintaining anonymity. The platform's launch was supported with e-learning to ensure awareness of our procedures throughout the workforce. Additional information can be found in our Whistleblowing Policy available on our website at: thewosgroupplc.com/esg/policies-reports/.

On the few occasions that we have needed to enter into redundancy consultations due to the ending of a store lease, for example, we have entered into full consultation and made every effort to relocate colleagues. We see redundancy very much as a last resort when all other avenues have been exhausted.

VALUES AND RECOGNITION

The values system is deeply ingrained in the core Watches of Switzerland Group culture. In the UK, the award winning digital VibE platform encourages managers and colleagues to instantly recognise success and reward those who are living the Group's values. In the US, the Celebrating Success programme applauds individuals and team successes.

Our bi-monthly magazine celebrates achievements throughout the Group and makes sure that colleagues in both the US and the UK can feel proud of all we do.

RETURNING TO WORK POST COVID-19

As we returned to work after the first COVID-19 related lockdown, we ensured that we followed the "Working Safely during COVID-19" Government guidelines and assured our colleagues that we respected these and were going beyond them. In the US, we followed guidance for each state in which we operate and put in place rigorous safety procedures.

Our return to work plans included newly created e-learning modules, physical interventions such as protective screens and the provision of personal protective equipment (PPE). A new appointment booking system, developed and launched whilst stores were closed, enabled us to best manage client numbers in store when we re-opened. In the first week of re-opening after the third UK lockdown ended in April 2021, we had over 10,000 pre-booked appointments.

We continue to make every effort to ensure that our teams and customers feel confident that we have created a safe environment for them to work in and enjoy the experience they have come to expect from the Watches of Switzerland Group.

COMMUNITY

Supporting our local communities has always been an important part of our culture and our approach to giving in this year of significant disruption and challenge has been to focus on how best to help those most impacted by the COVID-19 pandemic whilst continuing to cement our strategic partnership with The Prince's Trust.

LINK TO VALUES

– We do the Right Thing
– We Care

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

– Brand and reputational damage

THE WATCHES OF SWITZERLAND GROUP

FOUNDATION

Helping our communities

£3m

PLANNED DONATION TO THE WATCHES OF SWITZERLAND GROUP FOUNDATION ACROSS FY21 AND FY22

"I am delighted that the Group is launching The Watches of Switzerland Group Foundation, just two years after floating on the London Stock Exchange. With the support of colleagues throughout the organisation, we look forward to the significant impact we will make to those in need in our local communities."

BRIAN DUFFY
CHAIR OF THE WATCHES OF SWITZERLAND GROUP FOUNDATION

Throughout the year, as well as the Group's corporate donations, teams of colleagues came together to support fundraising in their local communities as they saw fit.

We are proud that FY21 has seen our corporate partnership with The Prince's Trust continue to grow in the UK and were pleased to support the launch of The Prince's Trust USA. We were also honoured to launch our COVID-19 community response food bank programme in both jurisdictions.

Finally, as befits the Company's standing as a responsible, listed public company and to reflect the strong philanthropic legacy of the luxury industry, the Board announced that it would be launching The Watches of Switzerland Group Foundation (the "Foundation") at the close of FY21. The Foundation is an independent charity that is chaired by Brian Duffy, CEO. The initial Company donation to the Foundation is £1.5 million with an additional £1.5 million planned for FY22. In the future, the Group's charitable activities will be channelled through the Foundation.

£3,000,000 planned donation to The Watches of Switzerland Group Foundation

£150,000 donated to The Prince's Trust

£160,000 donated to the UK food bank programme

$100,000 donated to the US food bank programme

COVID-19 COMMUNITY RESPONSE – FOOD BANK PROGRAMME

In response to the growing food poverty crisis caused by the impact of COVID-19, we were honoured to launch our food bank programme in June 2020. To reflect our philosophy of impacting local communities, we decided to make donations that would directly support food banks in large city centre community hubs in the UK and US. Each food bank is a registered charity and in the UK every recipient is a member of The Trussell Trust network.

In some locations, donations were made to single recipients and in others, a small network of food banks, who often work in collaboration, elected to share donations between themselves. With one exception, food banks were asked to use the donation to directly purchase food or farm vouchers which allow access to fresh food.

Initially, the Group donated £100,000 in the UK and $50,000 in the US with additional donations made in December 2020 of £60,000 in the UK and $50,000 in the US. Communities in Leicester, Newcastle, Glasgow, Manchester, Birmingham, London, Bristol, Cardiff in the UK and New York, Florida and Las Vegas in the US were the beneficiaries of the programme.

As part of this programme Nikki Zamblera, Executive Director HR joined the Trustee board of the Leicester South Food Bank to better understand the challenges faced by food bank charities during the COVID-19 pandemic.

“Firstly, I want to thank the Watches of Switzerland Group for their wonderful donation, it means a great deal to our food bank and the other three Glasgow food banks. While demand for emergency food has increased, donations – which we rely on to run – dropped by the same amount, so gestures like this mean we can continue to feed our community. We will use the donation to purchase vouchers for Farmfoods stores. This means that as well as giving out our food parcels, we are able to give vouchers to people to use as they need to, giving them more choice and access to fresh fruit and veg, and extending the length of time the parcel lasts.”

AUDREY FLANNAGAN
MANAGER OF GLASGOW SOUTH EAST FOOD BANK

THE PRINCE'S TRUST

After many years of support for The Prince's Trust from Mappin & Webb, the Company was pleased to announce its group-wide partnership in FY19. Since then, our funding has supported over 1,400 young people in the UK. In FY21, the Company donated £100,000 to core education funding and a further £50,000 to the newly created Young Person Relief Fund, which was established to help young people hit hardest by the pandemic.

Over 1,400 young people supported through early intervention programmes over the past two years.

In February 2021, the Watches of Switzerland Group was honoured to sponsor the launch of The Prince's Trust USA. Brian Duffy, CEO joined HRH The Prince of Wales, Jessica Greer Morris, CEO The Prince's Trust USA and Global Ambassador Lionel Richie to co-host this virtual networking event attended by over 400 guests. We will also be supporting the live launch event in April 2022 and look forward to the roll-out of The Prince's Trust fundraising and programmes in the US.

In the UK, we continue to sponsor The Prince's Trust National Award for Young Changemaker of the Year and this year's worthy winner was Cordell Jeffers who was also invited to participate in the US launch.

Over the course of the year, Brian Duffy and Craig Bolton, Executive Director UK continued to inspire young Entrepreneurs with reflections on their own career paths and the vision of Rolex founder, Hans Wilsdorf. Joined by managers delivering practical workshops, over 220 young people attended these virtual training sessions.

Support for The Prince's Trust is not just at a corporate level. In February 2021, Lindsay Chapman, store manager of the Metrocentre, Newcastle store, decided to set a challenge for her team that was quickly adopted by all of the stores in her region.

Goldsmiths Region 1 teams got fully behind the challenge and a staggering 6,954 miles were covered with £5,000 raised for young people. As Lindsay pointed out, the region covered enough miles to reach outer space!

"The Prince's Trust was an obvious choice given the relationship our business has with the charity. I wanted the challenge to motivate my team, to have us all moving and out getting fresh air which naturally boots our mental health. I wanted every team member to be able to be involved, regardless of their current fitness abilities so the challenge was set to cover the 1,100 miles that are the length of Britain by walking, running or cycling. We set a fundraising target of £1,000."

LINDSAY CHAPMAN,
STORE MANAGER, METROCENTRE STORE

CORDELL JEFFERS – YOUNG CHANGEMAKER OF THE YEAR 2020

"My secondary school experience was a very negative one. I was kicked out of lessons regularly and left school with no qualifications. I remember being told that I would not amount to much and probably end up in prison. My wonderful mum would not take this as an answer and sent me back to her home in the Caribbean to finish my education.

When I came back, many of my former friends had gone down a wrong track and were involved with activities I did not want to be part of. I decided to move to the West Midlands. I got a place at Manchester University but left in my final year.

I applied for hundreds of jobs but was at rock bottom. I started to sell products on eBay and was introduced to The Prince's Trust by a friend.

I joined the Enterprise Programme which gave me confidence, guidance and the support I needed to set up my own business – Mungo Sports.

As well as developing my business, I have set up a social enterprise with my partner called 'We Shine Together' which has helped to send over 30 young children to school in India, Nepal and Zimbabwe. We have also provided learning resources to these schools.

Passionate about making a difference in my community, I have delivered resilience training and entrepreneur workshops to over 5,000 young people who come from black and ethnic minority backgrounds like mine. Funded by revenues raised by my business, my aim is to inspire and act as mentor where I can.

I am extremely honoured to be named The Prince's Trust Young Changemaker of the Year 2020 and look forward to the impact I intend to continue to make. Times are hard for young people and they need positive role models in their lives, hope for the future and all the support we can offer."

Cordell Jeffers – The Prince's Trust Young Changemaker of the Year 2020 – sponsored by the Watches of Switzerland Group

Prince's Trust USA

"We are deeply grateful for the Watches of Switzerland Group's continued support of Prince's Trust USA since our inception. This year, the Group generously sponsored our Looking Forward event to raise awareness about our innovative employability programmes around the world and introduce our vision for the Prince's Trust USA going forward. We are excited to see what this next year of partnership brings as we expand our partnership across the US and reach even more young people."

VICTORIA GORE
INTERIM CEO – THE PRINCE'S TRUST USA

The Prince's Trust USA Virtual Networking Event sponsored by the Watches of Switzerland Group

RESPONSIBLE TRADING
SUPPLY CHAIN

LINK TO VALUES

– We do the Right Thing
– We Care

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

– Key suppliers and supply chain
– Regulatory and compliance
– Brand and reputational damage

VENDOR CODE OF CONDUCT

We are committed to ensuring our supply chain is positively impacting the people who make our products, the local community where those products are made and the environment where they are located, all the while operating as required by global human rights standards, labour safety and environmental regulations.

During FY21 we reviewed and enhanced our existing Vendor Code of Conduct, elaborating on each of the core principles to further help and support our supply chain to comply with this critically important code.

The Code incorporates the following 14 principles.

1 Employment is freely chosen
2 Freedom of association and the right to collective bargaining are respected
3 Working conditions are safe and hygienic
4 Child labour shall not be used
5 Living wages are paid
6 Working hours are not excessive
7 No discrimination is practised
8 Regular employment is provided
9 No harsh or inhumane treatment is allowed
10 Responsible environmental practices
11 Zero tolerance of conflict products
12 Bribery and facilitation payments
13 Anti-Money Laundering and/or financing of terrorism
14 Compliance to the Code

We have appointed UL Verification Services Inc to deliver our Responsible Sourcing Audit Programme worldwide with the purpose of assessing our vendors' compliance against the Vendor Code of Conduct.

RESPONSIBLE JEWELLERY COUNCIL

The Responsible Jewellery Council (RJC) is an international non-profit standards and certification organisation, which brings together businesses across the jewellery industry that are committed to adhering to responsible business practices. Its Code of Practices provides a clear set of standards, which form a framework for companies to address sustainability best practices and align with the 17 United Nations Sustainable Development Goals.

The Watches of Switzerland Group has been a Certificated Member of the Responsible Jewellery Council since 2011, illustrating its ongoing commitment to observe the responsible ethical, human rights, social and environmental values set out in the RJC Code of Practices.

The latest RJC Certification Audit was conducted in 2020 when we gained re-certification for the UK business and successfully incorporated the US elements of the organisation into the certification process for the first time.

In terms of our jewellery supply chain, 90% of our purchasing was from RJC Members.

Our luxury watch brand partners are highly active in implementing various initiatives aimed at reducing the impact on the environment including operating carbon-neutral production facilities and launching products in sustainable and environmentally-friendly materials.

RESPONSIBLE JEWELLERY COUNCIL
CERTIFIED MEMBER
0000 2070

SOURCING

Conflict diamonds and the Kimberley Process

The Kimberley Process (KP) is a multi-lateral trade regime established in 2003 with the goal of preventing the flow of conflict diamonds. The core of this regime is the Kimberley Process Certification Scheme (KPCS) under which states implement safeguards on shipments of rough diamonds and certify them as 'conflict free'.

The World Diamond Council has established the System of Warranties which extends the effectiveness of the Kimberley Process beyond the export and import of rough diamonds.

The System of Warranties (SoW) Assurance was introduced to assure only legitimately sourced diamonds are traded. Once a diamond is imported and ready for trade, a written statement must accompany all invoices guaranteeing the diamond is from a legitimate source. The World Diamond Centre (WDC) SoW is required on each invoice for rough diamonds, polished diamonds, or diamond jewellery up to the final invoice to the end consumer.

The Group insists that all our vendors guarantee that any diamonds supplied to us are conflict free and written guarantees in line with the WDC SoW are always provided.

Gold and other precious metals

The Group has a policy of only purchasing from jewellery vendors who purchase their precious metals from recognised responsible bullion suppliers who are listed on the London Bullion Market Association (LBMA) Good Delivery List. The LBMA's list seeks to ensure that the bullion is sourced responsibly, that it is not acquired from conflict areas and that human rights standards are properly respected.

Exotic skins

A small number of our products use exotic animal skins. This is normally restricted to watch straps. Our watch strap manufacturers only source skins from farmed sources and conform to the relevant international laws that include the Convention on International Trade in Endangered Species (www.cites.org). We only buy and produce watches through the most reputable manufacturers. Despite this, we ask our watch suppliers to confirm that any animal skins used are sourced from farmed and sustainably managed sources.

Human rights

We are committed to acting in an ethical manner with integrity and transparency in all business dealings. The Group works to ensure adherence to its Corporate Social Responsibility policy which encompasses key human rights considerations. In addition, our Modern Slavery Statement forms part of our Supplier Manual that vendors must comply with.

The Group supports the principles set out in the UN Declaration of Human Rights, the Universal Declaration of Human Rights (UDHR). We have implemented measures to identify, assess and mitigate potential labour and human rights abuses across our operations or supply chain. These include our modern slavery policy, employee handbooks and policies. All business-specific employee policies are in compliance with local laws and standards as a minimum. There have been no violations reported on human rights by our Group businesses in FY21 or for the previous financial year.

Our policies can be found on our corporate website at thewosgroupplc.com.

Payment practices

The Group understands the importance of maintaining good relationships with vendors and it is Group policy to agree appropriate terms and conditions for its transactions with vendors (ranging from standard written terms to individually negotiated contracts) and for payment to be made in accordance with these terms, provided the vendor has complied with its obligations. The Group's payment practices report is available at check-payment-practices.service.gov.uk/search, which showed the Group took on average 33 days to pay in the six-month period to 2 May 2021.

ANTI-BRIBERY AND CORRUPTION, TAXATION AND HEALTH AND SAFETY

LINK TO VALUES

– We do the Right Thing
– We Care

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

– Regulatory and compliance
– Brand and reputational damage

> “We take a zero-tolerance approach to bribery, corruption, fraud and tax evasion”
>
> LAURA BATTLEY
> COMPANY SECRETARY AND GENERAL COUNSEL

ANTI-BRIBERY AND CORRUPTION

The Group’s Anti-Bribery and Corruption Policy reinforces that the Board is committed to conducting its business affairs so as to ensure that it does not engage in or facilitate any form of corruption. The Board has overall responsibility for the Anti-Bribery and Corruption Policy. The Group’s Company Secretary and General Counsel has day-to-day responsibility for the policy and will report both to the Chair of the Audit Committee and to the Board in relation to these matters.

The Group also has controls around anti-bribery and corruption including:

– Anti-Bribery and Corruption Policy, which includes the recording and approval of all gifts and hospitality accepted by colleagues
– Annual anti-bribery and corruption training is mandated for all employees
– Supplier Code of Conduct in place, which specifically covers anti-bribery and corruption.
– Due diligence procedures for new suppliers which incorporate a bribery and corruption risk assessment
– Financial controls around segregation of duties, invoices and payments

The Group also has policies regarding anti-money laundering and the related processes are audited by the operational audit team.

WHISTLEBLOWING

The Group's Whistleblowing Policy enables all colleagues, suppliers and other third parties to report concerns on matters affecting the Group anonymously and without fear of recrimination. This policy refers specifically to bribery and fraud and an externally hosted independent helpline and web portal is in place. The Board has overall responsibility for this policy and the Head of internal audit has day-to-day responsibility. The Audit Committee Chair receives a summary of all reports for communication to the Board.

The Group also has in place an online whistleblowing training course for all employees. Refer to page 125 for further details.

TAXATION

The Group manages its tax affairs responsibly and proactively to comply 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. We seek to build solid and constructive working relationships with all tax authorities. Our Tax Strategy Statement can be found at thewosgroupplc.com.

HEALTH AND SAFETY

The Group is committed to maintaining safety standards to comply with relevant legislation and to empower our people to build a firm safety culture. Solutions to support creativity and or innovation for new ways of working will be encouraged with consideration for safety standards.

Our Health and Safety Policy applies to our business activities and premises to ensure, so far as it is reasonably practicable, the health, safety and welfare of our employees, customers and others who may be affected by our business practices.

The health and safety agenda is led by the Health and Safety Committee, which includes senior leaders from across the UK and US operations. A rolling programme of store and distribution centre reviews is in place along with a regular audit by the Operational Audit, Loss Prevention and Security Team. The Group has a formal mechanism for the reporting of all incidents, near misses or risks to the Health and Safety Committee. We also work closely with Ensafe, our health and safety consultants.

In response to the COVID-19 pandemic, we implemented strict social distancing and health and safety precautions within our distribution centres, offices and stores. We are proud to have continued our ecommerce operations in a safe working environment whilst office support colleagues were able to work in safety from their homes. During the first few months of FY21 we began to re-open our store network, ensuring that the Group exceeded the relevant health and safety guidelines issued by the relevant government, whilst maintaining a welcoming and enjoyable experience for our customers.

We recognise that colleagues' mental wellbeing is as important as physical wellbeing and we are committed to reducing stress and promoting wellbeing across the workforce. During the year, managers were invited to attend mental health training through an external provider. The Group also partners with Health Assured, who offer wellbeing services, including a helpline, access to structured counselling support, online Wellbeing Portal and Health e-Hub app. Our online communications platform 'One' also includes a host of resources and tips to help colleagues maintain positive mental and physical health.

ENVIRONMENT

The Watches of Switzerland Group is focused on, where possible, improving the environment, promoting sustainable development and preventing the wasteful use of natural resources. We require our business associates to comply with all applicable national environmental laws and regulations. Additionally, we encourage our vendors to promote responsible environmental practices.

LINK TO VALUES

– We do the Right Thing
– We Care

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

– Brand and reputational damage
– Emerging risks

GOVERNANCE

In June 2021, we established our ESG Committee. The ESG Committee is a Committee of the Board and is chaired by Rosa Monckton, Non-Executive Director. The ESG Committee will be responsible for the oversight of key ESG matters and initiatives and will be supported by executive sponsors and representatives across the business. Part of the Committee's remit will be to determine environmental objectives and reduce the Group's impact on the environment.

ENERGY AND RESOURCES

The Group recognises the serious threat posed by climate change and the need for meaningful action.

Electricity consumption

The Group's objective is to reduce energy consumption year-on-year relative to Group revenue. To do this the Group is focusing on several energy initiatives including:

- The installation of SMART meters across the whole UK estate
- Since November 2015, all new UK stores or major refurbishments have been completed using LED lighting to reduce energy usage. 80% of our UK stores have been converted to date and there is an ongoing programme in place to install LED lights in all our UK stores over the next two to three years. A review of LED lighting is being performed in the US. The HVAC systems are also designed to be as efficient as possible
- In the UK we are compliant with Phase 2 of the Energy Savings Opportunity Scheme
- Energy consumption is monitored on a site-by-site basis in conjunction with a specialist energy partner. Through energy consumption monitoring, automatic lighting and temperature controls we look to reduce energy consumption whilst maintaining a comfortable environment for our customers and colleagues
- The Group has commitments in place to purchase at least 40% of UK electricity from renewable sources. From October 2020, the largest 36 supplies in our property portfolio have an energy source of "100% Renewable for Business" from EDF Energy. From October 2021, our remaining 77 supplies in our portfolio (which we have control over) will have the same Renewable for Business energy. At the time the contract was signed, we had approximately 127 trading stores. The remaining 14 sites are airports, Channel Island stores and a few shopping centres where we are obliged to use the Landlord's electricity supply

Transport

We partner with third party companies for the distribution of our products. These companies have an EcoVadis Gold sustainability rating and have made a commitment to reducing their carbon footprint. We have started to trial reverse collections from our retail stores with one of our partners to reduce our carbon footprint. We are also evaluating the use of tote bins rather than single use cardboard which we plan to introduce in the coming year.

Our air travel within the Group is limited and our small fleet of company cars comprises mainly clean diesel or hybrid models.

Greenhouse gas emissions

To help us understand the impact of our business on the environment, we measure our global carbon footprint produced from the operation of activities over which the Group has direct control. The Group's aim is to reduce greenhouse gas emissions year-on-year relative to revenue.

			2021			2020
Global GHG emissions data	**UK**	**US**	**Total**	**US**	**UK**	**Total**
Scope 1: Direct combustion from owned and controlled sources (tCO_2e)	214	118	332	264	64	328
Scope 2: Indirect emissions from the generation of purchased electricity, heat, steam or cooling (location-based) (tCO_2e)	1,693	1,283	2,976	2,344	1,456	3,800
Total gross scope 1 and 2 (tCO_2e)	**1,906**	**1,401**	**3,307**	**2,608**	**1,520**	**4,128**
Revenue (£'000)	606,452	298,625	905,077	585,473	225,039	810,512
Intensity ratio (tCO_2e per revenue (£'000))	0.00314	0.00469	0.00365	0.00445	0.00675	0.00509
Total energy consumption associated with the scope 1 and 2 emissions (kWh)	**8,041,005**	**3,562,929**	**11,603,934**	**10,281,037**	**3,969,453**	**14,250,490**

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 (2020 & 2019 BEIS condensed set). These were used to convert our car fleet usage to kWh.
2. US EPA (eGRID) emission factors for greenhouse gas inventories for US electricity generation (eGRID 2019)
3. Manufacturers emissions factors for cars, uplifted for the UK real-world factor (2020 BEIS 2020 Government greenhouse gas conversion factors for company reporting).

The Scope 1 and 2 emissions and energy consumption data for 2021 and 2020 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.

The prior period results have been restated from prior year due to changes in the Group's definition of operational control.

RECYCLING AND WASTE

Product packaging

In our retail stores we have moved from polythene branded bags to recyclable paper bags. Our packaging suppliers operates to ISO 9001 and ISO 14001 standards as well as SEDEX and SMETA.

Recycling

Across our UK high street portfolio, we partner with Managed Waste Solutions and Biffa, reputable and accredited waste management and recycling providers who provide us with their total waste management solutions. This includes collections of general waste and mixed recycling from each store plus other one-off waste which might be generated because of shop fits or rebranding. At shopping centre locations, we work closely with our landlords to ensure compliance with their policies for responsible recycling and best practice.

At our Leicester Head Office, our waste management service is provided by Biffa and we have improved our recycling rates significantly. Our target is to send no waste to landfill. 8.5% of all Head Office waste in 2020 went to landfill. Recycled waste is now over 10% higher than when we first started with Biffa and continues to rise. We continue to listen to suggestions from our colleagues to improve waste and recycling.

We comply with the Waste Electronic and Electrical Equipment Directive which forms part of our Company policy and procedures.

For electronic waste in the USA, we recycle all electronics to the standards of the EPA, OSHA, and federal and state laws.

Water

Over recent years we have installed water meters in all possible sites across our stores and offices. Water meter data is used to identify sites with exceptional water use and to resolve problems. As part of our objective to gather the baseline data for water consumption, in October 2019, we entered into a contract with Business Stream for 70 of our sites. We now have electronic billing for these and will be able to compare a year's usage by October 2021. We plan to gather the baseline data for water consumption to benchmark our stores and develop and plan with targets to reduce our water usage.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

OUR WORK TO IMPLEMENT THE TCFD RECOMMENDATIONS

We remain committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and plan to fully embed them over the coming year. This will be an important step towards managing the potential future impacts of climate change on our business.

Governance

In June 2021, we established an ESG Committee, which is a Committee of the Board, chaired by Rosa Monckton, Independent Non-Executive Director. Management will support the Committee in areas across ESG including climate-related risks and opportunities.

We have further plans to commence regular training for the Board and Trading Board to support their knowledge of their responsibilities in terms of climate-related activities. These will be led out of the Sustainability Committee with support from external consultants.

STRATEGY AND RISK MANAGEMENT

Climate-related risks and opportunities extend beyond normal business strategic planning cycles. Climate change has the potential to impact us over the short (five years), medium (five to ten years) and long term (beyond ten years) time horizons. To better understand how the potential long term impacts of climate change could impact our business, in line with the TCFD recommendations, this year we have begun the process of climate change scenario analysis. We have conducted a qualitative climate change risk and opportunity assessment to understand the different climate issues that could impact the business in the future under different scenarios. We have aligned this with our internal risk register.

Working with PwC, we are conducting a qualitative review into the scenario attributes of orderly (1.5°C and 2°C) and disorderly (2-3°C) transition scenarios as well as a business as usual (over 4°C) scenario considering peer reviewed, publicly available third party scenarios, including the International Energy Agency (IEA), Network for Greening the Financial System (NGFS) and the IPCC's Shared Socioeconomic Pathways.

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 qualitatively assessed the climate-related risks and opportunities with the highest potential to impact our business under the range of scenarios. Being a retailer, we are not directly impacted by potential regulatory, investor and consumer pressure that could affect our supply chain for watches and jewellery, however we note that we will feel the indirect effects of these in our ability to sell products and services. Based on this, our quantitative analysis will initially focus on our own operations before going on to consider risks and opportunities to our supply chain in further detail.

We have a relatively small number of operational sites (offices, stores and distribution centres) across the UK and the US. The physical risks that we will experience will differ by geography and type of site, however the main physical risk that will affect our operations is the disruption that extreme weather events pose to our distribution centres and offices. In the UK, the increased risk of flooding from increased rainfall and flash flood events could impact our ability to transport products from our distribution centres to stores. In the US, especially in Florida, the annual hurricane season is estimated to become more severe but slightly less frequent due to climate change. Our mitigating activities include having a detailed Extreme Weather, Disaster Recovery & Business Continuity Plan. This plan includes what the business would do in the event of a hurricane, be it large or small, by mitigating the disruption of cash flow, providing alternate ways to service customers, and restoring our operation back to normal. Our main computer centre is located in Atlanta, Georgia which will help minimise the impact to our IT infrastructure during a hurricane that can impact any region of Florida. Our Fort Lauderdale home office is also strategically located six miles west from the Atlantic Ocean that will protect us from storm surge up to a category five hurricane. We will also be conducting scenario analysis for our offices and distribution sites this year to fully understand where the physical effects of climate change will be most severe.

We are exposed to a small number of risks associated with a shift to a low carbon economy. Although we have a small fleet of company vehicles, in the UK, we face pressure from the Government's legal requirement to end the sale of new petrol and diesel vehicles by 2030. We are working with our distribution partners to ensure that this risk is mitigated, as well as beginning to offer electric vehicles as part of our operational fleet and company cars. We partner with third party parcel distribution companies for the delivery of our products. These companies have an EcoVadis Gold sustainability rating and have made a commitment to reducing their carbon footprint. We have started to trial reverse collections from our retail stores with one of our partners to reduce our carbon footprint.

Whilst we recognise these risks, the opportunity around the transition is also significant to us. One of the key selling points for our products is that they are products for life and we encourage our customers to keep them for generations. To support the longevity of our customers' products, we continue to enhance our in-house watch, jewellery and silverware repair and service centre. In September 2020 we established the National Watch Service Centre in Manchester. In the last year we have doubled the size of that facility and it now has the capacity for 36 watchmakers. Our intention is to open an additional Watch Service Centre in England in the Midlands which will further increase our ability to service our customers' watches and refurbished pre-owned products. 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 the system.

In the future, we will explore these risks and opportunities in further detail, conducting more granular quantitative climate change scenario analysis to gain further insight into the potential materiality of the issues to the business.

METRICS AND TARGETS

We currently report on our scope 1 and 2 carbon emissions which relate to direct emissions from gas, refrigerants and cars as well as purchased electricity in our operations. For more information please see page 98.

Over the next year, we will begin to explore our scope 3 carbon footprint to understand the impact of our supply chain. We will also look to set a carbon emission reduction target in line with the Paris Agreement of limiting temperature rise to well below 2°C.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RECOGNISING EFFECTIVE RISK MANAGEMENT

> "An effective risk management framework has been designed to support the delivery of the Group's strategic objectives, protect the interests of key stakeholders and deliver long term success."
>
> BRIAN DUFFY
> CHIEF EXECUTIVE OFFICER

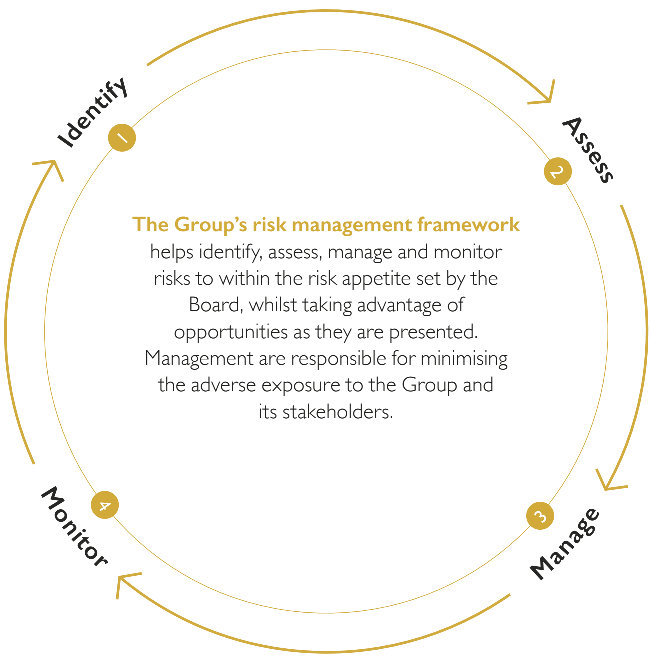
The Watches of Switzerland Group defines risk as uncertainty around the organisation's ability to achieve its objectives and execute its strategy effectively. Risks can be positive (opportunities) and negative (threats) and are a combination of the likelihood of an event and the impact of the consequence.

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 our 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 our strategic objectives (the Board's risk appetite), and challenging management's implementation of effective systems of risk identification, assessment, prioritisation and management.

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



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, customer, 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

RESPONSIBILITIES

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

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

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
- Conducts 'deep dives' into 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.

The UK Corporate Governance Code requires companies to determine their risk appetite. This 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 customers and employees and seek to protect the long term value and reputation of the brand, while maximising commercial benefits to support responsible and sustained growth.

We assess the level of risk exposure against our 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. We also have a low appetite for risks that could impact our 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.

PRINCIPAL RISKS AND UNCERTAINTIES

IDENTIFICATION, EVALUATION AND MANAGEMENT OF THE GROUP'S RISKS

The Board 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 48) 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.

COVID-19 IMPACT ON PRINCIPAL RISKS AND UNCERTAINTIES

The COVID-19 pandemic continues to be a significant external risk currently facing the Group, impacting colleagues, customers, the supply chain and stores. As a business impacted by the pandemic, the Group has considered both the specific consequences of the virus and its impact on the underlying principal risks being managed.

The safety of the Group's employees and customers remains the priority and has been at the forefront of the Group's response to the pandemic. The following provides an overview of the actions taken in response to COVID-19, the most significant risks associated with the pandemic and details of how it has impacted the broader set of principal risks and uncertainties.

How the Group responded

To limit the impact of the pandemic on the Group, mitigating actions to protect colleagues and staff, contain costs and protect financial position have been implemented. These included:

- Forming a crisis response team to plan, adapt and respond to the latest COVID-19 pandemic developments to maintain customer service and protect customers and colleagues
- Regular communication with the Board relating to COVID-19 matters and the Group's response
- Maintaining regular communication across the Group to monitor all aspects of the response
- Introducing distancing and hygiene measures in stores, offices and distribution centres to keep customers and colleagues safe
- Conducting risk assessments for each customer-facing store to identify potential strategic, operational, regulatory and colleague related exposures
- Continuing to adapt operational activities to comply with guidance provided by the UK and US Governments to prioritise the safety of colleagues and customers
- Successfully implementing home working for Support Centre colleagues, and safe working conditions for those needed to work in the distribution centre
- Working with suppliers to adapt the level of supply and payment terms to maximise liquidity during lockdown
- Implementing remote trading and clienteling services in order to maximise revenue opportunities
- Taking action to reduce the Group's cost base, capital expenditure and cash commitments to maximise liquidity
- Engaging with landlords to manage rent obligations and property costs
- Accessing the Coronavirus Job Retention Scheme and furloughing colleagues where appropriate along with securing US funding through the Paycheck Protection Program. All FY21 income received under the CJRS scheme was repaid to the UK Government in June 2021
- At the start of the COVID-19 pandemic, we worked with our lenders to secure £45 million of Coronavirus Large Business Interruption Loan Scheme (CLBILS) funding to strengthen our liquidity position and sustain operations under a scenario of prolonged store closures and dampened consumer sentiment. As a result of a continued strong business performance, this facility was repaid in full and cancelled during the period.

CHANGES TO THE RISK PROFILE

The table below summarises the key potential risk implications of the pandemic and how these link to the core principal risks that remain in place in the section below.

RELEVANT PRINCIPAL RISK	RISK DESCRIPTION
Business strategy execution and development	The Group may fail to respond to the pressures of an increasingly changing retail environment effectively and rapidly.
Key suppliers and supply chain	The potential closure of supplier manufacturing operations, as a result of COVID-19, could significantly impact the supply chain of products. The Group's supplier base is concentrated in Switzerland, therefore a significant lockdown of operations in Switzerland would materially impact the Group.
Business interruption	The impact of having to close stores or having a reduced number of employees through illness. The business could be negatively impacted in the event that any of the senior leadership team were to fall ill or be personally impacted by the virus.
Data protection and cyber security	Potential additional COVID-19 related security risks in relation to increased working from home arrangements, an increase in phishing campaigns and increased reliance on third parties supporting critical support services.
Regulatory and compliance	An inability to adequately safeguard customers, colleagues and other stakeholders during the COVID-19 pandemic could result in potential breaches of health and safety laws and regulations.
Brand and reputational damage	The reputation of the brand may be impacted in the event that customers were to perceive that our store environments are insufficiently safe and secure in response to the continuing experience of the virus.
Financial and treasury	Significantly reduced trading over an extended period, as a result of COVID-19, could impact the Group's ability to operate within committed credit facilities.

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.

EMERGING RISK EVENT	POTENTIAL IMPACT	MITIGATION
Climate change As the global climate crisis becomes more critical, we recognise the importance of addressing long term sustainability challenges and the potential impacts of climate change on our business, in reputational, operational and financial terms. Finite resources exist for the raw material of our product which could lead to scarcity of supply and increased product costs in the future.	– Increased frequency of extreme weather conditions could cause disruption to the supply chain or customers' shopping habits – Finite resources of raw materials – Increased taxation, levies or other costs in relation to climate change	– Recycling of raw materials or lab produced alternatives for gemstones – Climate change and environmental policies and practices are governed by the ESG Committee which includes a cross section of colleagues from across the business who meet regularly – Continual monitoring of new and evolving requirements as part of our legal and regulatory compliance framework – Progress is being made in implementing the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)

The Board's assessment of the principal risks and uncertainties facing the Group and the mitigation in place is set out below.

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Drive customer awareness and brand image
- Enhance strong brand partnerships
- Leverage best in class operations
- Deliver exceptional customer service
- Expand multi-channel leadership

1 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 and the US.

The Group's significant investments in its store 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, including from the impact of COVID-19. The re-evaluation of priorities and their delivery, including the consideration of initiatives to respond to permanent changes in customer behaviours or to change working practices, is paramount in the current environment.

How we manage or mitigate the risk

- The Board reviews business strategy on a regular basis to determine how sales and profit can be maximised, and business operations 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 in 2017 there is international market diversification reducing reliance on one territory

Change in risk

No change

Links to strategy

2 KEY SUPPLIERS AND SUPPLY CHAIN

Principal risk description

The manufacture of key luxury watch brands is highly concentrated among a limited number of brand owners 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, supplier manufacturing operations could be forced to close, impacting operational activities, customer 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 suppliers to identify product trends and forward demand
- Continued focus on providing exceptional customer experience, representing the brands in the best possible way
- In-depth training for store colleagues is provided, including specific training provided by the brand owners themselves

Change in risk

No change

Links to strategy

3 CUSTOMER EXPERIENCE AND MARKET RISKS

Principal risk description

An inability to maintain a consistent high-quality experience for the Group's customers across the sales channels, particularly within the store network, and during the COVID-19 pandemic, could adversely affect business.

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. The Group also competes with the grey market, where unauthorised dealers may be offering significant discounts.

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 customers to feel welcome, appreciated and supported
- Initiatives launched in response to the COVID-19 lockdown to continue making product available safely to customers
- Exceptional training is provided for our store colleagues, and other customer facing colleagues, to allow them to provide the best customer service, along with in-depth product knowledge
- The CRM database allows the Group to engage with the customer from a potential to a loyal customer
- 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

STRATEGIC PRIORITIES

Grow revenue, profit and Return on Capital Employed	Drive customer awareness and brand image
Enhance strong brand partnerships	Leverage best in class operations
Deliver exceptional customer service	Expand multi-channel leadership

4 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.

Customer experience is an essential element in the success of the Group's business, where many customers 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
- The Group's award winning 'VibE' recognition programme is in place to incentivise and motivate all colleagues
- 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 to make sure they are appropriately rewarded for the substantial contribution they make to the Group's growth and success. These benefits and the value they bring to colleagues are continually communicated to ensure they are taking advantage of them
- 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
- Succession planning for key management, below Executive level, has been presented to the Nomination Committee

Change in risk

No change

Links to strategy

5 BUSINESS INTERRUPTION AND IT INFRASTRUCTURE

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 stores or a significant reduction in available colleagues to operate the business, such as during the COVID-19 pandemic, would significantly impact the operations of the business.

The Group offers flexible delivery options (home delivery or click and collect in store) 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 stores, 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 customers may become less inclined to visit our stores.

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 COVID-19 lockdowns.

The Group relies on IT networks and systems, some of which are managed by third parties, to process, encrypt, transmit and store electronic information, and to manage or support a variety of business processes and activities, including sales, supply chain, merchandise distribution, customer 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 customers to purchase online from the safety and comfort of their homes
- Robust security arrangements are in place across our store 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 COVID-19 pandemic impact on business operations

Change in risk

No change

Links to strategy

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Drive customer awareness and brand image
- Enhance strong brand partnerships
- Leverage best in class operations
- Deliver exceptional customer service
- Expand multi-channel leadership

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 and UK 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 customer 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.

Potential additional COVID-19 related security risks in relation to increased working from home arrangements, an increase in phishing campaigns, and increased reliance on third parties supporting critical support services.

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 at least six times a year 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 (SEIM) tools are being introduced across the Group's technology estate
- VPN security controls have been enhanced in light of 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

Links to strategy

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 continues to expand in the US, there is a risk the business lacks the detailed knowledge of US laws and regulations resulting in a breach, significant fine and reputational impact.

There is a risk that the Group could fail to adequately look after the health and wellbeing of its colleagues and customers, especially considering the challenges faced by COVID-19, with potential breaches of health and safety laws and regulations.

How we manage or mitigate the risk

- The Group actively monitors both regulatory developments in the UK and US 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 staff 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 customers
- Regulatory compliance reviews form part of the rolling internal audit plan

Change in risk

Expansion into new territories

Links to strategy

8 ECONOMIC AND POLITICAL

Principal risk description

The Group's business is geographically concentrated in the UK and US. Any sustained stagnation or deterioration in the luxury watch or jewellery markets or decline in consumer spending in the UK or US 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 customer 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 customer service to attract and retain customers
- Detailed sales data is analysed to anticipate future trends and demand, taking into consideration the current economic environment
- Through the expansion into the US, the Group is not wholly dependent on the economic or political environment in one single market

Change in risk

Links to strategy

9 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 customer base, affect the ability to recruit and retain the best people, and damage our reputation with our suppliers.

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 customer experience is a key priority of the Group
- The Group undertakes regular customer engagement to understand and adapt the product, offer and store 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

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Drive customer awareness and brand image
- Enhance strong brand partnerships
- Leverage best in class operations
- Deliver exceptional customer service
- Expand multi-channel leadership

10 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 COVID-19 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 assessment on page 114.

How we manage or mitigate the risk

- The Group's debt position, available funding and cash flow projections are regularly monitored
- Current lending facilities are in place until April 2023 and June 2024. On 18 June 2020, the covenant requirements on the UK facilities were amended to reflect a liquidity headroom requirement, rather than financial ratios, for the October 2020 and April 2021 covenant tests

Change in risk

No change

Links to strategy

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 £197,494,000 in available committed facilities, of which £120,000,000 was drawn down. Net debt at this date was £43,924,000 with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £143,455,000. This funding matures in 2023/24.

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

In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 October 2022 from the date of this report. These included:

- The budget approved by the Board in April 2021, which included the following key assumptions:
  - A continued strong luxury watch market in the UK and US
  - Anticipation of some localised disruption due to COVID-19 but assumes no further national-scale lockdowns in either the US or UK during the period
  - Lower levels of tourism in the US and UK and reduced travel impacting our airport stores
  - Sufficient luxury watch supply to support the revenue forecast

The budget aligns to the Guidance given on page 45. Under this budget, the Group has significant liquidity and comfortably complies with all covenant tests to 31 October 2022.

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

- Severe but plausible scenarios of:
  - 10% reduction in sales against the budget due to reduced consumer confidence and lower disposable income
  - A repeat of the FY21 COVID-19 impact on the ability of stores to trade modelled without Government support
- Under these scenarios the £20,000,000 liquidity covenant, the net debt to EBITDA and the FCCR covenants would all be complied with.
- Should trading be worse than the outlined severe but plausible scenarios, the Group has the following mitigating actions within management's control:
  - Review of marketing spend
  - Reduction in the level of stock purchases
  - Restructuring of the business with headcount and store operations savings
  - Redundancies and pay freeze
  - 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 October 2022. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the 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 58), Our Strategy page 48 and its principal risks and mitigating factors (pages 105 to 113). In addition, the Board regularly reviews the financial position of the Group, its liquidity and financial forecasts.

The three-year plan was reviewed and endorsed by the Board in April 2021, which includes the following key assumptions:

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

The budget aligns to the Guidance given on page 45.

Assessment period

The Directors have assessed the prospects of the Group over a three-year period. In determining the appropriate assessment period, the Board considered the uncertainty regarding the duration, extent and impact of the COVID-19 pandemic on the Group's operations.

A three-year period is considered an appropriate timeframe to assess the Group's prospects and is consistent with the Group's business model, strategic planning period, recently introduced management incentive schemes and medium term financing considerations.

Current financing

At the balance sheet date, the Group had a total of £197,494,000 in available committed facilities, of which £120,000,000 was drawn down. Net debt at this date was £43,924,000 with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £143,455,000. This funding matures in 2023/24.

On 14 May 2020, the Group entered into a new £45,000,000 facility agreement as part of the UK Government Coronavirus Large Business Interruption Loan Scheme (CLBILS) which has a maturity of November 2021. This facility was repaid in full and cancelled during the period.

The key covenant tests attached to the Group's facilities are a measure of net debt to EBITDA and the 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 £20,000,000 for the period of June 2020 to September 2021. The Directors sought the replacement of covenants to provide further flexibility to deal with any unexpected circumstances during that period. The £20,000,000 minimum headroom covenant was satisfied for each month end from June 2020 to June 2021. The original waived covenant tests of net debt to EBITDA and the FCCR were also comfortably satisfied at October 2020 and April 2021.

During the three-year viability period the lending obligations are as follows:

- Comply with a month end minimum liquidity test of £20.0m to September 2021
- Comply with the Debt to EBITDA and FCCR ratio at six monthly intervals from October 2021
- Extending or refinancing the US ABL in April 2023 and other facilities in June 2024

Assessment of viability

The strategic planning process reviewed by the Board is over a three-year period, with the Board acknowledging that there is uncertainty around those plans as a result of COVID-19. During the normal cycle of strategic planning the budget and three-year plans are approved by the Board in February 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 105 to 113. The key risks identified that would have a material impact on the long-term viability of the Group were the impact of COVID-19 (including suppressed customer demand and further lockdowns), the loss of a key supplier and the impact of a potential penalty for statutory breaches.

The impact of COVID-19 on the global economy, impact on competitors and customer behaviours or potential business interruption through further lockdowns are all uncertain. As a result, multiple models were reviewed by the Board to take into account the potential various impacts of COVID-19.

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 due to reduced consumer confidence and lower disposable income or a repeat of the FY21 COVID-19 impact on the ability of stores to trade modelled without Government support would still result in the £20,000,000 liquidity covenant, 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 store investment and revenue growth achieved means that this scenario is not plausible.
- The severe impact of any statutory non-compliance has been evaluated and would not result in a breach of the facility covenants.

Whilst the impact of COVID-19 on the business has been and will be material to the Group, the business' long-term strategy for value creation in the UK and US 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.

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
7 July 2021

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OFFICIALLY CERTIFIED

GOVERNANCE REPORT


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CORPORATE GOVERNANCE INTRODUCTION

Welcome to this Corporate Governance report for the year ended 2 May 2021 and my first as Chair.

The Board is fully committed to underpinning all of the Group's activities with the highest standards of corporate governance.

The COVID-19 pandemic presented us with a number of challenges. The Board and colleagues across the Group have responded extremely well to these challenges and this is evidenced by our results.

The pandemic has given us an opportunity to test our governance framework in an extremely unconventional environment and we are pleased to report that this framework has proven to be extremely robust.

The Board has proven to be effective in this environment and continues to work together to promote the long term sustainable success of the Company with a clear focus on generating value for all its stakeholders.

UK CORPORATE GOVERNANCE CODE 2018

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 2 May 2021, 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).

This Corporate Governance report discusses the framework for controlling and managing the Group in further detail. The Company has established procedures in place which provide a basis for the Board to make proper judgements on an ongoing basis as to the financial position and prospects of the Group.

ENVIRONMENT, SOCIAL AND GOVERNANCE FACTORS

Culture

The strength of the Company culture has been evident throughout the last year as the whole workforce has come together and displayed integrity, commitment and resilience. 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 changes to the Board since last year's AGM. I succeeded Dennis Millard as Chair on 1 November 2020. We would like to thank him for his invaluable counsel and advice while the Company transitioned from private to public ownership. Fabrice Nottin (the Apollo Nominated Director) stepped down from the Board on 16 December 2020 and Michele Raba (the Apollo Board Observer) stepped down on the same date. For more on Board succession, see the Nomination Committee report on page 134.

Diversity and inclusion

We recognise the benefit of a board which represents its stakeholders and also represents a diversity of gender, ethnicity, cognitive strengths and socio-economic, educational and professional backgrounds. For more information on the background of our Board members, please see their biographies on pages 128 to 129.

UK CORPORATE GOVERNANCE CODE 2018

1 BOARD LEADERSHIP & COMPANY PURPOSE
» READ MORE PAGE 123

2 DIVISION OF RESPONSIBILITIES
» READ MORE PAGE 126

3 COMPOSITION, SUCCESSION & EVALUATION
» READ MORE PAGE 126

4 AUDIT, RISK & INTERNAL CONTROL
» READ MORE PAGE 127

5 REMUNERATION
» READ MORE PAGE 127

We recognise the importance of both the Hampton-Alexander Review for gender and the Parker Review for ethnicity and are pleased that the Board meets the gender targets set by the Hampton-Alexander Review for Board balance. In terms of our ethnicity at Board level, our succession planning and future recruitment will take into account ethnicity. The Board reviewed and approved an updated Diversity Policy shortly after year end. For more details on this see page 135 and the colleague gender statistics table as at 2 May 2021 on page 88.

Board engagement with stakeholders

One of our strengths undeniably lies with our communication with our colleagues and we report on this in the Strategic report. The Board has been kept fully informed of the implementation of changes to the normal ways of working. We are also proud of the relationship that we have with all our stakeholders.

Our formal statement in relation to Section 172(1) of the Companies Act 2006 appears on page 74 and Board activity throughout the year is shown on page 124.

REMUNERATION

The Group's Remuneration Policy (the "Policy") was approved at the 2019 AGM and the current Policy will remain in place until the 2022 AGM. Full details on the work of the Remuneration Committee can be found in the Directors' Remuneration Report which begins on page 146.

ANNUAL GENERAL MEETING

The 2021 AGM is scheduled to take place on 2 September 2021, commencing at 2pm and 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 2022

During the course of the 2022 financial year, the Board's focus will continue to be enhancement of the organisation for the benefit of all stakeholders with a focus on developments arising on the governance landscape.

IAN CARTER
CHAIR
7 July 2021

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT 2021

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	102
Securities carrying special rights with regard to the control of the Company	Directors' report	132
Restrictions on voting rights	Directors' report	132
Appointment and replacement of Directors and amendments to the Company's Articles	Directors' report	131
Powers of the Company's Directors relating to transactions in own shares	Directors' report	132
Values and culture	People, Culture, Community and Environment	84

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 Company has applied the principles and complied with the provisions of the Code.

BOARD APPROVAL FOR THE CORPORATE GOVERNANCE STATEMENT 2021

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

BOARD LEADERSHIP STRUCTURE

The following diagram shows the role of the Board and its Committees as well as Senior Management.

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 the Trading Board. There is a schedule of matters specifically reserved to the Board which is reviewed and approved annually by the Board.

NOMINATION COMMITTEE

Undertakes the annual review of succession planning and ensures that the membership and composition of the Board, including the combination of skills, 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.

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 and Senior Management. Reviews workforce remuneration and related policies.

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 128 to 129. A summary of the responsibilities of the Directors and key roles of the Board are set out below:

CHAIR

– Leadership of the Board
– Effective governance of the Board
– Sets the Board agenda
– Ensures the Board receives sufficient, pertinent, timely and clear information
– Ensures each Non-Executive Director makes an effective contribution to the Board

NON-EXECUTIVE DIRECTORS

– Provide constructive contribution and challenge to the development of the strategy
– Monitor the operational and financial performance of Senior Management
– Monitor the integrity of the financial information, financial controls and systems of risk management

DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT

– Gauges the views of the workforce 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 workforce
– Ensures the Board takes appropriate steps to evaluate the impact of proposals and developments on the workforce and considers what steps should be taken to mitigate any adverse impact

CHIEF EXECUTIVE OFFICER

– Management of the day-to-day operations of the Group
– Develops the Group's strategic objectives for approval by the Board
– Delivers the strategic and financial objectives in line with the approved strategy
– Leads the Trading Board and Senior Management
– Ensures effective and ongoing communication with shareholders

SENIOR INDEPENDENT DIRECTOR

– Acts as a "sounding board" for the Chair
– 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.
– During this financial year, the Senior Independent Director acted as Interim Chair during the period after Dennis Millard stepped down from the Board until Ian Carter joined the Board. The Senior Independent Director led the search for a new Chair

CHIEF FINANCIAL OFFICER

– 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
– Advises on regulatory compliance and corporate governance
– Ensures compliance with the Board's procedures and with applicable rules and regulations
– Acts as secretary to the Board and all Committees
– 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.

During the year, in addition to scheduled meetings, the Board met frequently on an ad hoc basis, in response to the COVID-19 pandemic, to discuss the trading initiatives that the Group was pursuing and received regular updates on the communication with colleagues.

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 134 to 159.

Some decisions are sufficiently material that they can only be made by the Board as a whole. The schedule of matters reserved for the Board, and the Committees' Terms of Reference, explain which matters are delegated and which are retained for Board approval, and these documents can be found on our corporate website at thewosgroupplc.com. The schedule of matters reserved for the Board and the 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 can be found on page 02.

STAKEHOLDER ENGAGEMENT

The s172(1) Companies Act 2006 Statement has been updated to include further details on how the Directors have had regard to the need to foster the Company's business relationships and includes a Statement of Engagement with Employees (both to be read in conjunction with the Stakeholder pages in the Strategic report).

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 customers, colleagues and the communities in which we operate, as well as our suppliers and the shareholders to whom we are accountable. Knowing who our stakeholders are and what interests them equips us to manage their expectations and deliver upon their requirements particularly in these uncertain times. We ensure effective communication with all stakeholder groups by identifying key personnel who manage the relationships with them.

The Group's s172(1) Statement is part of the Strategic Report and can be found on page 74. Page 124 describes the Board's activities which took place during the year. Board decisions directly affect its stakeholders and tie in with the Group's strategic priorities. At all times, the Board considers the likely consequences of any decision in the long term.

BOARD AND COMMITTEE ATTENDANCE

The table below indicates the number of Board and Committee meetings during the financial year.

	Board		Audit		Remuneration		Nomination	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ian Carter[1]	7	7	n/a	n/a	1	1	0	0
Brian Duffy	14	14	n/a	n/a	n/a	n/a	n/a	n/a
Anders Romberg	14	14	n/a	n/a	n/a	n/a	n/a	n/a
Tea Colaianni	14	14	5	5	4	4	4	4
Rosa Monckton	14	14	5	5	4	4	4	4
Robert Moorhead	14	14	5	5	4	3	4	4
Dennis Millard[2]	7	7	n/a	n/a	2	2	3	3
Fabrice Nottin[3]	9	9	n/a	n/a	n/a	n/a	4	4

1 Ian Carter was appointed as Chair of the Board on 1 November 2020.

2 Dennis Millard stepped down from the Board on 14 October 2020.

3 Fabrice Nottin stepped down from the Board on 16 December 2020.

During the period, the Non-Executive Directors held one meeting without the Executive Directors present.

During the period, there were eight ad hoc meetings in addition to the six scheduled meetings. These meetings were required principally because of the COVID-19 pandemic.

KEY ACTIVITIES OF THE BOARD

In making its decisions throughout the year, the Board considers the views and interests of its stakeholders as well as the need to promote the long term success of the Company. Key stakeholder groups are highlighted on page 74 and the Group's strategic objectives are set out on page 48.

Board Activity
Strategy The Board received operational reports at every scheduled meeting which reported through implementation of various aspects of the strategy and progress on initiatives.
During the year these reports covered:
Brand relationships and initiatives
Developments in the multi-channel business
Clienteling
New store openings
Store refurbishments
Implementation of the mono-brand strategy
Acquisition prospects and opportunities
Approach to international expansion
The Board received regular updates on colleague engagement
The Board approved various capex projects
The Board reviewed the store re-opening plans
The Board approved donations to food banks
The Board reviewed the results of a customer experience survey and the Net Promoter Score data
The Board received a "deep dive" analysis of one of the brand relationships
The Board received investor relation (IR) updates and a formal presentation on IR strategy
In addition to routine Board business the Board set aside a significant portion of time in February 2021 to hold a strategy session which gave the Directors the opportunity to focus solely on strategic matters.
Financial performance The Board received a report from the CFO at each meeting.
During the year the Board:
Approved FY20 results
Approved Annual Report and Accounts 2020
Approved the FY21 Q1 trading update
Approved the FY21 half year results
Approved the FY21 Q3 trading update
Approved the FY21 budget
Approved the long range plan
Approved the going concern and viability statements
Approved the £45m CLBILS facility and its subsequent repayment and cancellation
Approved the FY22 budget

Board Activity
Risk Reviewed and approved the risk management framework
Reviewed and approved the principal risks and uncertainties including changes to the risks and their link to strategy and reviewed the emerging risks
Governance Received reports from the Board Committees
Approved the notice of the 2020 AGM
Reviewed the Terms of Reference of the Board Committees
Reviewed and updated the schedule of matters reserved to the Board
Discussed the results of the Board evaluation
Approved the Modern Slavery Statement
Approved the appointment of Ian Carter as Chair of the Board following a recommendation from the Nomination Committee
Approved updates to the Whistleblowing Policy
Reviewed and discussed a report on diversity
Received a report from Rosa Monckton, the Designated NED, on the employee listening forum
Appointed Laura Battley as Company Secretary
Discussed and approved the return to the UK Government of the CJRS income received in the year

SHAREHOLDERS AND ACTING FAIRLY BETWEEN MEMBERS

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 and Corporate Affairs, the Senior Independent Director and the Company Secretary.

We are in frequent contact with investors through a scheduled programme of communications and engagements as demonstrated in the table below and these were further enhanced by the appointment of press relations agency Headland Consultancy in February 2020 who oversee our financial PR matters.

During the year, IR reports were introduced within each set of Board papers 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 its stakeholders generally. The Group seeks to ensure that it acts fairly between all members and considers all types of investors (including our institutional investors and private shareholders) when making decisions that impact them.

The Group ensures that it communicates the information that its investors require, using: traditional methods such as the Annual Report and Accounts; RNS newswires and corporate press releases; in person meetings; and, (during the pandemic) by virtual means. During the year, virtual engagement included investor meetings attended by the Chair, CEO, CFO and the Director of IR. Communication with investors is fed back to the Board.

The Board also receives feedback from the Company's corporate brokers, and the CEO and CFO on the views of major shareholders. During the period, the Senior Independent Director and the Company Secretary met with one investor to discuss Board succession.

During the year, Apollo Management VII LP ("Apollo") was a major shareholder. Following the IPO, Apollo owned 59.2% of the Company's shares. This reduced to 55.8% shortly after the listing following the exercise of the over-allotment option. Between 15 January 2020 and 15 February 2021, Apollo notified the Company of various reductions in its interest with the final notification received on 15 February 2021, when Apollo's holding reduced to 0.9%, at which point the holding fell below the notifiable threshold. Page 133 of the Directors' report contains the full history of the reduction in that interest, along with a summary of the relationship agreement that was in place with Apollo.

Material communication with shareholders

Key disclosures made:

Date	Event/communication	Shareholder group	Location
April 2021	Director/PDMR shareholdings	Available to all	RNS
March 2021	Director/PDMR shareholdings	Available to all	RNS
February 2021	Q3 FY21 trading update	Available to all	RNS & conference call
December 2020	Directorate change	Available to all	RNS
	H1 FY21 results	Available to all	RNS, presentation & virtual meeting
November 2020	Investor conferences	Available to all	Virtual
	Appointment of corporate broker	Available to all	RNS
October 2020	AGM	Closed meeting	Virtual
	Result of AGM	Available to all	RNS
	Appointment of Chair	Available to all	RNS
	Q2 FY21 trading update	Available to all	RNS & conference call
	Director/PDMR shareholding	Available to all	RNS
September 2020	Annual Report and Accounts 2020	Available to all	RNS & hard copy
	Director/PDMR shareholding	Available to all	RNS
	Results of placing	Available to all	RNS
	Directorate change	Available to all	RNS
August 2020	FY20 results and Q1 FY21 trading update	Available to all	RNS, presentation & virtual meeting
May 2020	FY20 trading and financing update	Available to all	RNS, presentation & conference call

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.

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.

WORKFORCE POLICIES

The Board takes responsibility for all workforce policies. During the year, the Board or one of its Committees approved updates to the following workforce policies:

– Anti-Bribery and Corruption

– Whistleblowing

ANTI-BRIBERY AND CORRUPTION

The Group's Anti-Bribery and Corruption Policy was reviewed by the Audit Committee and updated by the Board during the year. This policy reinforces that the Board is committed to conducting the Group's business affairs so as to ensure that it does not engage in or facilitate any form of corruption. The aim of the standard is to ensure compliance with applicable anti-bribery and corruption legislation and regulation and to see that employees act responsibly and ethically at all times when conducting business. The Board has overall responsibility for this policy. The Group's Company Secretary and 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.

The Group updated the Anti-Bribery and Corruption online training module during the year which was rolled out across the workforce.

WHISTLEBLOWING

It is important for the business to have an open and transparent work culture. We aim to conduct our 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 Audit Committee Chair receives a summary of all whistleblowing reports for communication to the Board.

During the year, the Board reviewed the Group's Whistleblowing Policy and associated procedures and, after doing so, agreed to enhance them. Whilst employees are encouraged to report any concerns or complaints, without fear of recrimination, to their line manger 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 employees from speaking out.

We have therefore engaged Safecall, an independent third party, who provide a facility where all colleagues can raise their concerns confidentially, with the option of maintaining anonymity. The Whistleblowing Policy was revised and relaunched throughout the Group along with mandatory training in the form of an online training module to complement the introduction of Safecall.

Further information can be found in the Strategic Report on page 89.

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. Excluding the Chair, the Board consists of five members, of which three members are determined by the Board to be Independent Non-Executive Directors. Similarly, the composition of the Audit Committee, Nomination Committee and Remuneration Committee comply in all respects with the independence provisions of the Code.

During the year, Fabrice Nottin served as Apollo's designated Representative Director in accordance with the terms of Apollo's Relationship Agreement with the Company. He stepped down from the Board on 16 December 2020.

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. Under the terms of the Relationship Agreement, the Apollo Representative Director could not, unless the Board (excluding the Apollo Representative Director) consented or agreed otherwise, vote or participate in any meeting of the Board that related to any matter between the Group and Apollo which constituted a conflict. The Chair, acting reasonably, had the power to determine whether a matter was a conflict matter.

EXTERNAL DIRECTORSHIPS

Any external appointments or other significant 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

During the period, there continued to be a good flow of information to the Board outside of Board meetings with regular updates on trading, cash flows, financing and COVID-19 issues including colleague engagement. The Board members receive weekly financial information comprising sales analysis. Alongside this reporting there is regular ongoing dialogue with the Non-Executive Directors. In response to the COVID-19 pandemic, there were eight ad hoc Board meetings during the financial year as well as the six scheduled Board meetings.

All papers and agendas were circulated in advance of scheduled meetings. As well as conducting the business of the meeting, at each meeting there is a review of the minutes of the prior meeting, discussion of any matters arising and a briefing on any action points that arose from the last meeting.

TRAINING AND INDUCTION

The Directors have all received briefings on their duties and responsibilities as directors of a publicly quoted company. During the year and as part of the Board evaluation process, the Company Secretary continued to monitor the training requirements of each Director. Technical briefings are provided in response to any training requirements.

The Chair received a full and extensive induction which included meetings with Senior Management, advisers and external stakeholders.

COMPOSITION, SUCCESSION & EVALUATION

COMPOSITION

In the period leading up to the IPO, the Group went through a process of identifying and recruiting the Chair and the Non-Executive Directors and this process concentrated on diversity, independence and ensuring a combination of skills, including industry experience and relevant experience to complement the existing Executive Directors. Since that time, there have been two changes to the Board. During the year, Dennis Millard stood down from the Chair and was replaced by Ian Carter. In addition, the Apollo Representative Director, Fabrice Nottin, stood down as Apollo was actively reducing its shareholding in the Company. For more details on the recruitment of Ian Carter, see page 135, and for his biography see page 128.

DIVERSITY AND INCLUSION

We are committed to a Board comprising Directors from different backgrounds, with diverse and relevant experience, perspectives, skills and knowledge. We believe 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. We fully support the aims, objectives and recommendations outlined in the Hampton-Alexander Review and the Parker Review and are aware of the recommendation to increase female representation and the ethnicity both at Board level and in senior positions throughout the Group.

We were pleased that at the year end, the Company met the target set by the Hampton-Alexander Review by having a female representation of 33.3% on the Board and a female representation of 38.1% within the Executive Team and their direct reports. Colleague gender statistics as at 2 May 2021 can be found on page 88. The Board is aware of the Parker Review's recommendations for ethnicity and aims to ensure that there is at least one director of colour on the Board by no later than 2024.

Shortly after the FY21 year end the Board reviewed and approved an updated Diversity Policy which is available on our Company website.

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.

SUCCESSION PLANNING

As noted in the report of the Nomination Committee, Board and Senior Management succession is a continued area of focus.

INTERNAL BOARD EVALUATION

Towards the end of FY21, the Company Secretary, under the supervision of the Chair, created an evaluation questionnaire covering the Board and its Committees which also included sections for free flow comments. This was circulated to all Board members and the feedback was collated privately by the Company Secretary. This was discussed with the Chair and then fed back to the Board.

The evaluation concluded that the Board and its Committees are effective and well chaired and that they operate efficiently and with good engagement. Going forward, the Board wishes to spend more time at meetings on strategy and longer term objectives of the Group and this will be planned into future Board agendas.

Over the next 12 months, the balance of skills across the Board and its Committees will be reviewed and the Nomination Committee will take the lead on this. Good progress has been made in the period since the IPO in the development of the risk framework. As a result of the review it was agreed that members of Senior Management should be invited to the Board meetings to present on relevant topics. The Board evaluation also highlighted Board and Senior Management succession.

Separately, in respect of the Chair's evaluation, the Company Secretary agreed a questionnaire with the Senior Independent Director which was circulated to all Directors.

In addition, the Chair meets with the Non-Executive Directors at least once a year without the Executive Directors present to discuss Board balance, monitor the powers of individual Executive Directors and raise any issues between themselves as appropriate.

The Senior Independent Director meets with the Non-Executive Directors during the year without the Chair present to appraise the Chair's performance.

RE-ELECTION OF DIRECTORS

In accordance with the Code, the Board has determined that all Directors will stand for re-election or election at each AGM. 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 128 to 129.

AUDIT RISK & 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 therefore 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 136 for details on the work of the Audit Committee.

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 138 for details of the review process.

See pages 48 to 59 in the Strategic Report for the description of our Business Model and Our Strategy.

See page 114 for the Going Concern and Viability Statement.

RISK MANAGEMENT AND INTERNAL CONTROL

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 102 to 104.

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 the year ending 2 May 2021 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 and much longer than the requisite 12 months.

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 141 for further details on the work of the Remuneration Committee.

EXPERIENCED LEADERS GUIDING OUR FUTURE

	IAN CARTER CHAIR	BRIAN DUFFY CHIEF EXECUTIVE OFFICER EXECUTIVE DIRECTOR	ANDERS ROMBERG CHIEF FINANCIAL OFFICER EXECUTIVE DIRECTOR
APPOINTED	1 November 2020	7 May 2019	20 February 2019
BIOGRAPHY	Ian Carter joined the Board on 1 November 2020 and brings over 30 years of international and retail experience to the Group, having held a number of senior positions at UK and US consumer-facing and luxury companies. For the previous 15 years, Ian was with Hilton Worldwide, joining Hilton International as CEO in London in 2005. He was 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 between 2007 and 2019 where he further developed a deep knowledge and appreciation of the global luxury industry and Del Frisco Restaurant Group in the US, which he chaired.	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 boards of Celtic PLC and Sara Lee Corporation. Brian is an ICAS Chartered Accountant and holds an Honorary Doctorate from Glasgow Caledonian University.	Anders Romberg joined the Group in 2014 as Chief Financial Officer. He has over 25 years of Senior Management experience; most recently at Ralph Lauren he served as Chief Financial Officer and Chief Operating Officer for Europe, Middle East and Africa, and Chief Operating Officer for Asia Pacific. He has previously held senior finance roles at Gillette and Duracell.
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 a great understanding of the global luxury watch and jewellery sector.	Anders brings to the Board extensive experience at Senior Management level of accounting and operational matters. He also has extensive international experience in the global luxury sector, where he has an established track record.
COMMITTEE MEMBERSHIP	Nomination (Chair) Disclosure (Chair) Remuneration	Disclosure	Disclosure

TEA COLAIANNI

SENIOR INDEPENDENT DIRECTOR

7 May 2019

Tea Colaianni was appointed as a Non-Executive Director and Chair of the Remuneration Committee of the Group 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 on multiple boards. She currently serves on the boards of DWF Group PLC (where she Chairs the Remuneration Committee) and SD Worx nv.

Yes

DWF Group PLC
SD Worx nv

Tea brings to the Board a wealth of experience in human resources strategy and diversity initiatives. 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.

Remuneration (Chair)
Audit
Nomination
Disclosure

ROSA MONCKTON MBE

INDEPENDENT NON-EXECUTIVE DIRECTOR

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.

Remuneration
Audit
Nomination
Dedicated Non-Executive Director for Workforce Engagement

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.

Audit (Chair)
Remuneration
Nomination

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 2 May 2021. 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

The UK Government announced on 24 May 2021 that the UK rate of corporation tax will increase to 25% with effect from 1 April 2023. See note 27 of the Consolidated Financial Statements on page 209.

STATUTORY INFORMATION

Topic	Section of report	Page
Important events impacting the business	Strategic Report	07 to 115
Financial instruments	Note 23 of the Consolidated Financial Statements	204
Employee disabilities	People, Culture, Community and Environment	87
Modern Slavery Statement	People, Culture, Community and Environment	95
Greenhouse gas emissions, energy consumption and energy-efficient action	People, Culture, Community and Environment	98
Carbon reporting	People, Culture, Community and Environment	98
Risk Management	Risk Management	102
S172 Companies Act 2006	Strategic Report	74

INFORMATION REQUIRED BY LR 9.8.4(R)

Topic	Section of report	Page
Directors' interests in shares	Remuneration Committee Report	141
Going Concern	Going Concern and Viability Statement	114
Long term incentive schemes	Remuneration Committee Report	141

INFORMATION REQUIRED BY DTR 7.2

Topic	Section of report	Page
Corporate Governance Statement 2021	Corporate Governance Report	121

INFORMATION REQUIRED BY DTR 4.1.11R

Topic	Section of report	Page
Likely future developments	Strategic Report	48 to 57

INFORMATION REQUIRED BY SCH 7.11(1)(B) COMPANIES (MISCELLANEOUS REPORTING) REGULATIONS 2018

Statement of Engagement with Employees

The Group has chosen to provide information in relation to the Statement of Engagement with Employees elsewhere in this report. This is cross referenced in the table below:

Information	Section of the report	Page
How the Directors engage with employees	Section 172(1) Statement Board activity	84 124
How the Group provides employees with information on matters of concern to them as employees	People, Culture, Community and Environment	84
How the Group consults with and considers employee feedback	People, Culture, Community and Environment	84
How the Directors have had regard to employee interests	People, Culture, Community and Environment Board activity	84 124
Non-Financial Information Statement	Non-Financial Information Statement	73

Business relationships

Information	Section of the report	Page
Foster the Company's business relationships	Section 172(1) Statement	74
Principal decisions affecting suppliers, customers and others taken by the Company during the financial year	Section 172(1) Statement Board activity	74 124

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 resolution of the Company's shareholders in a general meeting.

AGM

The 2021 AGM of the Company will be held at 2pm on 2 September 2021, 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

I Carter – Appointed 1 November 2020

B Duffy

A Romberg

T Colaianni

R Moorhead

R Monckton

D Millard – Resigned 14 October 2020

F Nottin – Resigned 16 December 2020

Full biographies of the Directors of the Company for the year under review are found on pages 128 to 129 other than Dennis Millard who stepped down from the Board and from the Chair on 14 October 2020 at the close of the 2020 AGM and Fabrice Nottin who stepped down from the Board on 16 December 2020. Ian Carter took up the position as Chair on 1 November 2020. Tea Colaianni acted as the "Interim Chair" until Ian Carter's appointment. Dennis Millard provided assistance with the handover until December 2020.

Details of Directors' beneficial and non-beneficial interests in the shares of the Company are shown on page 158. Details of share awards are found in the Remuneration Report on page 158.

APPOINTMENT AND REMOVAL OF A DIRECTOR

The appointment, re-appointment 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 2020 AGM, all members of the Board stood for re-election and were duly elected apart from Dennis Millard who retired from the Board at the end of the AGM. Ian Carter is offering himself for election at the 2021 AGM, which is the first AGM following his appointment. 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.

Fabrice Nottin was the Apollo Representative Director nominated by AIF VII Euro Holdings L.P. ("Apollo"), an affiliate of Apollo Global Management LLC, pursuant to the Relationship Agreement dated 30 May 2019 between the Company and AIF VII Euro Holdings L.P. Michele Raba was the Board Observer nominated by Apollo pursuant to the Relationship Agreement. Fabrice Nottin stood down as a Director and Michele Raba stood down as the Board Observer on 16 December 2020 and at that point, Apollo chose not to appoint a replacement Apollo Representative Director or Board Observer. On 14 January 2021, Apollo notified the Company that it had reduced its interest in the Company's shares to 10.4% and on 15 February 2021, notified the Company that its interest was 0.9%. For more information on this, see page 133.

A Director may be appointed to the Board by:

(i) ordinary resolution of the shareholders;

(ii) Board approval following recommendation by the Nomination Committee; or

(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 Annual Report on Remuneration on page 157. 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.

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 elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006 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 the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group Financial Statements are required to be prepared in accordance with IFRSs adapted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 IFRSs adapted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union 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 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. 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 128 to 129 confirms that, to the best of their knowledge:

– that the Group Financial Statements, which have been prepared in accordance with International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
– that the Annual Report and Accounts 2021, 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; and
– that they consider the Annual Report and Accounts 2021, 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.

SECRETARY

Paul Eardley was the Company Secretary of Watches of Switzerland Group PLC and its UK subsidiaries from the IPO until 15 March 2021 when he retired. He was succeeded by Laura Battley 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; and
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 2 May 2021 was as follows:

	2021 Number of shares	2021 Nominal Value £
Allotted, called up and fully paid ordinary shares of £0.0125 each	239,455,554	£2,993,194

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.

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 employees. The Code is reviewed annually by the Board.

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.

CHANGE OF CONTROL

There are no agreements between the Company and its Directors or employees 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 or employees 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.

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 2 May 2021, as notified in accordance with the provisions of DTR 5.1.2R representing 3% or more of the Company's issued ordinary share capital. Notifications are published on a Regulatory Information Service and on the Company's website.

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. Information provided by the Company pursuant to the FCA's Disclosure Guidance and Transparency Rules is publicly available via the regulatory information services and on the Company's website.

TRANSACTIONS WITH RELATED PARTIES

Refer to note 24 on page 207 of the Consolidated Financial Statements for details of related party transactions in the year.

RELATIONSHIP AGREEMENT

The Company entered into a relationship agreement with AIF VII Euro Holdings L.P. ("Apollo") which was effective from the date of Admission to the London Stock Exchange. Its principal purpose was to ensure that the Company was capable at all times of carrying on its business independently of Apollo, and any of its associates. The key terms of the relationship agreement were as follows:

1) Apollo undertook that it would (and would procure that its associates would):
   (i) conduct all transactions and relationships with the Company and the Group at arm's length and on normal commercial terms;
   (ii) take no action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
   (iii) not propose or procure the proposal of a shareholder resolution of the Company which is intended or appears to be intended to circumvent the proper application of the Listing Rules
2) save for certain customary exceptions, the Company undertook to Apollo that it would not issue any shares or grant any right to subscribe for or convert into shares without prior consultation with Apollo
3) Apollo would, for so long as it or any of its affiliates continued to hold at least 10% of the shares, have the right to nominate one person to be an Apollo representative Director on the Board and appoint one person as Board Observer to attend meetings of the Board.

The relationship agreement would terminate upon Apollo (and its affiliates) ceasing to hold 30% of the voting rights attaching to the shares or upon the shares ceasing to be admitted to the London Stock Exchange.

The Company has been notified by Apollo Management VII L.P., the investment manager of AIF VII Euro Holdings L.P., of the following reductions in its interest in the Company's shares:

1. At IPO on 4 June 2019 the interest was 59.2%
2. On 13 June 2019 following exercise of the IPO over-allotment option by Goldman Sachs, the interest reduced to 55.8%
3. The Company was notified on 15 January 2020 that the interest had reduced to 42.1%
4. The Company was notified on 25 September 2020 that the interest had reduced to 28.3%
5. The Company was notified on 14 January 2021 that the interest had reduced to 10.4%
6. The Company was notified on 15 February 2021 that the interest had reduced to 0.9%

In February 2021, as Apollo's interest had fallen below 10% to 0.9%, any residual rights under the relationship agreement fell away including the right to appoint a Representative Director and a Board Observer. The Representative Director and the Board Observer had stepped down from the Board on 17 December 2020 and Apollo chose not to exercise its rights to appoint any replacements for those roles from that date until its holding fell below 10% on 15 February 2021.

During the period and in accordance with Listing Rule 9.8.4(14)(c), the Company has complied with the independence provisions included in the Relationship Agreement and, as far as the Company is aware, the controlling shareholder (or any of their associates) were also in compliance.

APPROVAL OF THE ANNUAL REPORT AND ACCOUNTS

The Strategic report and the Corporate Governance report were approved by the Board on 5 July 2021.

Approved by the Board and signed on its behalf.

LAURA BATTLEY
COMPANY SECRETARY
7 July 2021

Notifiable interest	Voting Rights	% of capital disclosed	Nature of holding as per disclosure
BlackRock Inc	23,852,082	9.96	• Indirect interest 8.91% • Securities Lending 0.16% • CFD 0.88%
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%
Ameriprise Financial Inc and its group (Threadneedle Asset Management Limited)	13,658,031	5.70	• Direct interest 0.15% • Indirect interest 5.554%
J P Morgan Asset Management Holdings Inc	12,026,252	5.02	• 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%

In the period from 2 May 2021 to the date of this Report, we received no further notifications.

NOMINATION COMMITTEE REPORT

IAN CARTER
CHAIR OF THE NOMINATION COMMITTEE

MEMBERS

- Ian Carter (Chair)
- Tea Colaianni
- Robert Moorhead
- Rosa Monckton

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
- Review the leadership needs of the organisation
- Review 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 and diversity on the Board
- Review the results of the Board performance evaluation process relating to composition and diversity and assess how effectively members work together to achieve objectives
- Support workforce initiatives that promote a culture of inclusion and diversity

The following changes to the Committee composition took place during the year:

- Dennis Millard stepped down as Chair of the Committee on 14 October 2020 at the close of the 2020 AGM. Tea Colaianni, Senior Independent Director, acted as Interim Chair of the Committee from 14 October 2020 to 1 November 2020 when Ian Carter joined the Board as Chair and was appointed Chair of the Committee
- Fabrice Nottin stepped down from the Board and as a member of the Committee on 16 December 2020

DEAR SHAREHOLDER

The Nomination Committee was formed in May 2019 when the Company listed and remains compliant with the Code. The Code recommends that the Committee be comprised of a majority of Independent Non-Executive Directors which it does as Tea, Robert and Rosa are all independent. The Code states that the test of independence is not appropriate in relation to the Chair.

The Company Secretary acts as Secretary to the Committee, and by invitation, the Chief Executive Officer, other Senior Management and/or external advisers may attend as appropriate for all or part of any meeting.

ROLE

The role of the 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 Committee are set out in its Terms of Reference. The 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.

ACTIVITIES

The Committee's Terms of Reference require that the Committee meets at least twice a year. During the year, the Committee met four times. Full details of Committee meeting attendance can be found on page 123.

During the year, the Committee undertook a search for a new Chair, following the announcement on 3 September 2020 that Dennis Millard was stepping down from the Board at the close of the 2020 AGM. This search process was led by Tea Colaianni as Senior Independent Director, who acted as Interim Chair of the Board and the Committee.

The search was conducted by the independent firm Spencer Stuart & Associates ("Spencer Stuart") who were selected by the Committee as they have international expertise, they operate in the luxury sector and are signatories to the Voluntary Code of Conduct for Executive Search Firms. In preparation for the search, Spencer Stuart met with the Senior Independent Director and the Chief Executive and this resulted in 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.

The Nomination Committee's Terms of Reference at:
thewosgroupplc.com

Spencer Stuart provided an impressive long list of candidates from diverse backgrounds with many of the candidates originating from either Europe or the US. The long list was reduced to an extremely high quality short-list of four candidates which included one female. The shortlisted candidates were interviewed by members of the Committee and met with the CEO and this process ultimately led to the selection and appointment of Ian Carter.

When considering candidates for the short-list the Committee took into consideration the balance of skills, knowledge, independence, diversity and experience already on the Board. Ian Carter brought to the Board significant international and retail experience and a deep understanding of the global luxury industry.

In addition to the search for the new Chair, the other principal matters discussed by the Committee were Board and Senior Management succession planning. Brian Duffy attended one meeting to facilitate a discussion in respect of Senior Management succession planning. The Committee recognises the importance of orderly succession to both the Board and Senior Management positions and acknowledges its responsibility to develop a diverse pipeline for succession.

INDUCTION

On joining the Company, new Directors undergo a tailored induction and familiarisation programme implemented by the Executive Director HR with input from the CEO and the Company Secretary. In the case of Ian Carter, who is based in the US, there was a comprehensive virtual induction with colleagues in the UK, whilst a number of visits to stores and offices in person were undertaken in the US. The induction also focused on recent Board and Committee activity, stakeholder engagement, brand partnerships and investor relations. There was also a tailored session on corporate governance.

EFFECTIVENESS

The performance of the Committee was evaluated as part of the annual Board evaluation process. The Board review concluded that the Committee operates effectively. The Committee evaluation stressed the need for Executive succession planning which will be a focus of the Committee over the next financial year, as well as Board succession planning.

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 Hampton-Alexander Review to have 33% female representation on FTSE 350 boards by 2020. The Committee is pleased to report that the Board meets the Hampton-Alexander recommendation for female representation and the Committee aims to maintain a minimum composition of 33% female representation on our Board. The Company is also committed to a minimum composition of 33% of women directly reporting to the CEO and a minimum of 33% of women directly reporting to those direct reports.

The Committee is also aware of the Parker Review's recommendations for ethnicity and aims to ensure that there is at least one Director of colour on the Board by no later than 2024.

Shortly after the FY21 year end the Board reviewed and approved an updated Diversity Policy which is available on our Company website.

Future Board appointments will be based on merit, and the Committee will consider candidates 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.

The Committee will review and discuss 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 also oversees the conduct of the annual review of Board effectiveness. As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider 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. During FY22 it is intended that the Board evaluation process will be externally facilitated.

I will be available at the AGM to answer any questions on the work of the Committee.

IAN CARTER
CHAIR OF THE NOMINATION COMMITTEE
7 July 2021

AUDIT COMMITTEE REPORT

ROBERT MOORHEAD
CHAIR OF THE AUDIT COMMITTEE

MEMBERS
Robert Moorhead (Chair)
Tea Colaianni
Rosa Monckton

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

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

The Audit Committee's Terms of Reference at:
thewosgroupplc.com

DEAR SHAREHOLDER

I am pleased to introduce the Audit Committee Report for the financial year ended 2 May 2021. 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 term strategy 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 Code and the Committee has competence relevant to the sector in which the Group operates. 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 Board and Senior Management as and when appropriate. At the invitation of the Committee, the Chair, the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit, Senior Management and the External Auditor attend meetings. The Committee has regular private meetings with the External and Internal Auditors during the year. The Company Secretary and 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 is required to meet at least four times a year. 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

The performance of the Committee was evaluated as part of the annual Board evaluation process. The Board review concluded that the Committee operates effectively.

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 FY21 Year end Results Announcement, Annual Report and Accounts, the FY21 Half Year Statement and "Trading Updates"
- Assessed and recommended to the Board that the Annual Report and Accounts are fair, balanced and understandable
- Assessed the Going Concern and Viability Statement having reviewed supporting papers from management including the consideration of the impact of COVID-19 on those assessments
- Considered papers from management on the key financial reporting judgements and estimates
- Monitored the impact of the IFRS 16 "Leases"

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 COVID-19 pandemic on the principal risks and uncertainties, and the actions management are taking in response to this

– 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 Auditor as a result of their work
– Reviewed the Internal and External Auditor independence
– Agreed the External Auditor engagement letter and recommended the Auditor fees through to the Board
– 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 private meetings with the internal and External Auditors

FRC CORPORATE REPORTING REVIEW

The Company received a letter on 15 March 2021 from the Financial Reporting Council (FRC) noting that it had carried out a full review of the Annual Report and Accounts for the year ended 26 April 2020. The letter indicated that the FRC had not identified any matters on which it wished to raise specific questions but made some observations relating to certain disclosures included in the Annual Report and Accounts. As a result, the Company has sought to improve its disclosures in the Annual Report and Accounts this year.

The FRC's letter points out that its review was solely based on a review of the Company's Annual Report and Accounts for the year ended 26 April 2020. It states that the review did not benefit from a detailed knowledge of the Company's business or an understanding of the underlying transactions entered into and that the FRC's role is not to verify the information provided but to consider compliance with reporting requirements and, as a result, the review provides no assurance that the Company's Annual Report and Accounts are correct in all material respects.

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 FY22 and cash flow projections and three-year plan. This review included the impact of the COVID-19 pandemic on trading. 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 since stores re-opened, 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 that 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 114.

SIGNIFICANT FINANCIAL REPORTING AREAS

In preparing the financial statements, there are a number of 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. In order to assist in this evaluation, the CFO provided an accounting paper to the Committee, setting out all of 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 paper recognised that there was an increased risk of asset impairment at 2 May 2021 in certain stores due to the impact of COVID-19. The Committee noted that management had considered the trading results of each store and noted where a store is loss making or has low profitability which is not expected to improve in the near future. Impairment charges were recognised for those assets where their value could not be recovered through the generation of future profits within the store portfolio. Given management has continued to report on the performance of the business on a pre-IFRS 16 (IAS 17) basis within its 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, particularly in light of the impact of the COVID-19 pandemic, along with the disclosures made in the financial statements. The Committee also considered the rationale for treating £4.3 million of this as an exceptional item in the Income Statement based on its size and the fact it was directly linked to the COVID-19 pandemic. 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 and that the resultant charges were allocated appropriately classified as either exceptional or underlying based on the circumstances.

The Committee was satisfied that the approach adopted by management was sufficiently robust to identify when an impairment charge of store 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, noting in particular the impact of COVID-19 on certain brands. It discussed the judgements made by management, with specific consideration to discontinued product and slow moving stock. The Committee also gave specific consideration to the policy for, and calculation of, rebates recognised and absorbed into inventory.

The Committee also 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, customer returns and customer 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 Alternative Performance Measures (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.

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 non-underlying and 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 FY21 related to the significant one-off events relating to the IPO, COVID-19 pandemic related impairments and the business acquisition.

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 FY21 Annual Report and Accounts, 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 Annual Report and Accounts are reviewed by an external Corporate Governance adviser
- The final draft of the Annual Report and Accounts are 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, 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 a number of 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 the internal audit team, 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
- The Head of Internal Audit 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, 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

Part of the assurance provided to the Committee when reviewing the effectiveness of the Group's systems of internal control comes from internal audit.

The Head of Internal Audit, who reports directly to the 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 2021, 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 to deliver the internal audit plan were reviewed in February 2021, with an agreement that in-house resources would be increased, as well as the use of external partners in both the UK and US.

The Head of Internal Audit:

- 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 separately

– Met with the Audit Committee Chair a number of times to carry out formal reviews of the internal audit function's resources, approach and audit plan
– Managed the risk register review process
– Met privately with the Committee without management being present

Following assessment by the Committee during the year, it concluded that the Group internal audit function was effective.

The Group also has an operational audit, loss prevention and security team who review compliance with certain key internal procedures in stores 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, 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 of 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 Ernst & Young LLP 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.

CMA Order 2014 Statement of Compliance

Under CMA guidance, FTSE 350 companies are required to have held a tender for the 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.

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 2 May 2021.

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 interim financial information – 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 2 May 2021 were limited to the provision of access to the firm's IFRS accounting online portal and the half year review. Fees in relation to these services were £105 (FY20: £1,825) and £52,000 (FY20: £50,000) respectively.

EXTERNAL AUDITOR EFFECTIVENESS

It is the Committee's responsibility to assess the effectiveness of the external audit. The Committee assessed the External Auditors effectiveness in August 2020 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 Auditor's risk assessment and audit approach to those risks
- Reviewing and discussing the Auditor's formal reports to the Committee including their planning and results reports
- Considering the areas in which the 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 Auditor
- Assessing the interaction between management, the Committee and the Auditor.

Based on these reviews, the Committee concluded that Ernst & Young LLP 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

Ernst & Young LLP has expressed willingness to continue in its capacity as independent Auditor of the Company. The Committee has recommended to the Board the re-appointment of the External Auditor for the 2022 financial year and the Directors will be proposing the re-appointment of Ernst & Young LLP at the forthcoming AGM.

ROBERT MOORHEAD
CHAIR OF THE AUDIT COMMITTEE
7 July 2021

REMUNERATION COMMITTEE REPORT

TEA COLAIANNI
CHAIR OF THE REMUNERATION COMMITTEE

Members	Independent	No. of meetings attended
Tea Colaianni (Chair)	✓	4/4
Ian Carter[1]	✓	1/1
Rosa Monckton	✓	4/4
Robert Moorhead[2]	✓	3/4
Dennis Millard[3]	✓	2/2

Notes
1 Ian Carter was appointed as Chair of the Company on 1 November 2020.
2 Robert Moorhead missed one meeting as it was rescheduled at short notice and he had a prior commitment which he could not break; however, he engaged with the Chair of the Remuneration Committee ahead of the meeting and remained engaged and briefed on the decisions made. There was a Board meeting later that day which he was able to attend.
3 Dennis Millard served as Chair of the Company until the close of the 2020 AGM and was available until 15 December 2020 to facilitate the transition to a new Chair.

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.

As set out elsewhere in this Annual Report, we started the 2021 financial year still very much at the height of the pandemic. Like many other businesses in the UK, we were impacted by COVID-19 as a result of lockdown measures, but we are very pleased that trading performance has been exceptional. In my report, I have set out some of the actions we have taken in response to COVID-19 from a remuneration perspective and also our plans for the year ahead.

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 were reviewed and updated during the year, 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 and other members of the Senior Management as designated
- Determine remuneration packages for the Company Chair, Executive Directors, the Company Secretary and other members of the Senior Management as designated. No Director plays a part in any decision about his/her 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 design of, and set targets for, performance related incentives across the Company
- Oversee any major changes to benefits for employees
- 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 Chair's Statement and Annual Report on Remuneration. The current Remuneration Policy was approved by shareholders at the AGM on 17 October 2019 and received very strong support with 99.99% of votes cast in favour of the Remuneration Policy.

During the year, the Committee received advice on remuneration matters from PwC LLP who were appointed in 2019 following an independent selection process. PwC LLP's fees for this advice were £48,000 (FY20: £33,500), which were charged on a time/cost basis. PwC 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 PwC LLP and individual Directors to be disclosed. The Committee is satisfied that the advice provided by PwC LLP in relation to remuneration matters is objective and independent.

WHO SUPPORTS THE COMMITTEE?

Internal

Internal support is provided by the Company Secretary and Executive Director HR, whose attendance at Committee meetings is by invitation from the Chair, to advise on specific questions raised by the 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 COMMITTEE SPENT ITS TIME IN 2021

The following sets out the main items considered by the Committee during the year.

Key agenda items

- Approving the Directors' Remuneration Report for FY20
- Consideration of the impact of COVID-19 on remuneration matters
- Approving the formulaic outcomes under the FY20 bonus outcomes, taking into account the experience of wider stakeholders
- Reviewing and approving the performance measures for the FY21 bonus plan to ensure alignment with strategic objectives and shareholder interests
- Granting awards under the LTIP and approving the design/measures for the FY21 LTIP grant
- Review of Committee composition, Terms of Reference and performance
- 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 fee arrangements for the new Chair, Ian Carter
- Preparation of the CEO pay ratio

As a 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.

COVID-19 and our response

The past year has been challenging for many individuals, businesses and wider society. It is clear that the COVID-19 pandemic has changed the way in which businesses operate, and we recognise that the retail sector continues to be impacted in an unprecedented way. During the store closure period, our priority has always been the wellbeing and safety of our colleagues and customers. Once again, the Board is very proud and humbled by the strength, capability and resilience that all colleagues have demonstrated during these challenging times.

Throughout this report, we have shared ways in which the Company has responded to the impact of COVID-19 on its stakeholders. I have set out below some of the specific initiatives that were taken to support our colleagues through an incredibly tough year:

- Targeted initiatives to support their physical and mental wellbeing;
- Appropriate personal protective equipment and enhanced cleaning regimes;
- Additional virtual training for colleagues via our new, innovative e-learning platform;
- Providing job security and stability for all our colleagues by ensuring there were no redundancies as a direct result of the enforced lockdowns;
- Ensuring furloughed colleagues had financial security during the store closure period by topping up funds made available under the Coronavirus Job Retention Scheme (CJRS) so that they received their full basic salary; and
- Implementing appropriate working from home policies for colleagues so they could balance work and personal commitments.

During the financial year, there were a number of lockdowns which meant that our stores were closed for prolonged periods. During these times, in the UK up to 80% of our colleagues were furloughed. The business utilised CJRS up to the statutory cap and we then topped up salaries to 100%.

Despite significant headwinds throughout the period, the business continued to make excellent progress on the implementation of our long term strategy, and we have been able to deliver strong trading performance. We are also very proud of the continuing focus of all our colleagues on delivering growth whilst at the same time adjusting to new ways of working.

In light of our exceptional trading performance and the overall resilience of the business over the year, we made the decision to return all furlough money (£6.8 million) received from the UK Government during FY21 under the CJRS. In addition, the launch of The Watches of Switzerland Group Foundation was approved and an initial donation of £1.5 million has been committed.

The Board believes that the management team has taken appropriate actions to ensure that the business remains on-track to deliver our long term strategy and we will continue to implement the Remuneration Policy in a way that moves the business forward in light of the new world in which we are now all operating.

The remainder of this statement provides information on our FY21 business highlights, details on the specific remuneration actions we took in relation to COVID-19 across the Group and the application of the Remuneration Policy in FY21 and for FY22.

FY21 BUSINESS PERFORMANCE HIGHLIGHTS

Despite the pandemic, FY21 represented a strong year for the business. Some key highlights are as follows:

- Revenue increased +11.7% to £905.1m
- Adjusted EBIT[1] increased +38.9% to £77.6m
- Operating profit increased +69.5% to £81.9m
- Return on Capital Employed[1] increased to 19.7%

1 This is an Alternative Performance Measure. Refer to Glossary on pages 216 to 217 for definitions and reconciliation to statutory measures.

APPLICATION OF THE REMUNERATION POLICY

I have summarised below the application of the Remuneration Policy and where applicable, the impact of COVID-19.

Base salary/fee increases in FY21

Salary reviews for all colleagues took place in October 2020. It was decided that Executive Directors, as well as those in other senior roles, would not receive a salary increase. Instead, the Company reviewed its retail pay rates and focused on salary increases for more junior roles in support functions.

Chair and Non-Executive Director fees were also reviewed and no increases were applied.

In addition, from 1 April 2020 until 30 June 2020, the CEO, CFO, the Executive Director UK and Executive Vice President USA, together with the Chairman and Non-Executive Directors, voluntarily reduced their salaries/fees by 25%. The remainder of their salary/fees (75%) was deferred and were subsequently reimbursed in July 2020 following the re-opening of the majority of our stores on 18 June 2020.

Annual bonus outturn for FY21

The performance target for the FY21 annual bonus was based on Adjusted EBIT. The Committee confirms that the Adjusted EBIT target was not amended in the year as a result of the pandemic or for any other reason. Reflecting strong performance in the year, actual EBIT achieved was £77.6 million and we exceeded the maximum EBIT target of £62.5 million. This performance takes into account full repayment of furlough monies received during FY21.

The Committee assessed the formulaic annual bonus outcome for FY21 against a range of factors and was satisfied that the maximum amounts should be paid in light of the Company's exceptional financial performance and increase in shareholder returns against the backdrop of multiple national and local lockdowns. Therefore, no discretion was exercised by the Committee. This means that the FY21 bonus outturn for the CEO and CFO is maximum, which equates to 150% of salary and 100% of salary respectively. 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. All colleagues in the Company schemes earned bonuses in FY21.

The factors considered by the 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 FY21 in line with the Company's business plan which took into account the impact of COVID-19
Share price compared to prior financial year	– Our share price fall at the height of the pandemic was similar to that experienced by many other retailers. However, since then, the share price has recovered and is significantly above pre-pandemic levels (see below)
Shareholder experience	– Shareholders have enjoyed strong share price growth of more than 250% between the start and end of FY21
Employee experience	– The Company was committed to protecting jobs throughout the pandemic and did not make any redundancies as a direct result of the enforced lockdowns – UK furloughed employees' salaries were topped up above the CJRS statutory cap to ensure they received their full base salary – The Company temporarily increased base pay for US employees whose salary was below $50,000 for the period where no sales commissions could be earned – All employees in the Company were eligible to participate in some form of bonus scheme during FY21 – The wellbeing of our employees is always a firm priority for our business. During the year, the Company invested significantly in the training and upskilling of the workforce. Furthermore, a range of initiatives (such as daily communication platforms, virtual competitions and social events, digital magazines etc.) were deployed to ensure continued engagement with colleagues despite store and office closures. Further information on these initiatives can be found on page 85 to 87. Overall, feedback from employees has been positive and it is the Committee's view that employee engagement has never been so high
Prior year financial outcomes	– There was no bonus payable in respect of FY20; whilst the Company had been outperforming targets, the closure of stores in the UK and US caused significant disruption in the final six weeks of trading. As a result, the EBIT targets for FY20 were just missed. The Committee did not exercise any discretion in relation to the formulaic FY20 bonus outturn
Government assistance	– CJRS support: In light of national and local lockdowns, the Company utilised CJRS funds from the UK Government up to the statutory cap over a period of approximately 26 weeks. The Company's financial position remained resilient through year end and as such, in May 2021 the decision was made to repay the full £6.8 million of furlough funds received from the Government during FY21 – Coronavirus Large Business Interruption Loan Scheme (CLBILS): On 14 May 2020 the Group entered into a £45 million facility agreement with two of its relationship banks, which was backed by a Government guarantee under the CLBILS scheme, and had a maturity of November 2021. The Company repaid and cancelled this loan in full on 5 March 2021 – Business rates relief (BRR): The Group received business rates relief during FY21 due to the extended period of enforced store closures. In determining the outcome of the bonus, the Committee excluded the budgeted BRR from the target and the actual BRR from the outturn (further details can be found on pages 146 and 157) – US Government's employee and rental cost support schemes: The US companies have fully satisfied the loan forgiveness terms under the US Paycheck Protection Program and therefore the funds that they have received have been converted into government grants – Deferral of VAT payments
Company reputation	– The 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

In addition to the table above, the Committee also took into consideration the following factors when determining bonus outcomes:

- The improved liquidity position of the Company over the year;
- The reduction of the Company's net debt by approximately half;
- The Company's focus on the safety and wellbeing of colleagues and customers during and following the store reopening programme and lockdowns;
- The Company's commitment to the wider community as demonstrated by the approved launch of 'The Watches of Switzerland Group Foundation';
- The protection of jobs and redeployment of airport colleagues by the Company when these stores did not open in line with the rest of the UK; and
- The additional costs and expenditure related to the COVID-19 pandemic.

Full details on the performance outturn against the targets are shown in the "At a Glance" section.

FY21 LTIP grants

LTIP grants were made in September 2020 as planned. Whilst the Company had initially intended to delay setting LTIP targets, targets were set and communicated to shareholders at the date of grant. For the FY21 LTIP grants, we introduced a Return on Capital Employed (ROCE) measure whereby 20% of the award vests by reference to a three-year average ROCE performance measure. The remaining 80% of the award vests by reference to a three-year cumulative Adjusted EPS performance measure.

ROCE is a Key Performance Indicator (KPI) and measures the efficiency with which the Group is able to utilise its capital. Strong ROCE performance is critical in ensuring the successful execution of our long term strategy and growth ambitions, hence the Committee felt that it was the right time to introduce ROCE as a secondary performance measure in the LTIP. The 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 158.

LTIP awards vesting in FY21

No LTIP award was eligible to vest in FY21 as the first grant under the LTIP was made in FY20.

LOOKING AHEAD

The key challenge for the Committee will be to continually monitor and manage the impact of COVID-19 against the execution of the long term strategy. The Committee will therefore take into account the potential for unintended consequences when setting targets for the annual bonus and making LTIP awards, with the overriding objective to ensure that the Policy operates fairly without prejudicing any of the Company's stakeholders.

In addition, we will also commence our review of the current Remuneration Policy which was approved at the 2019 AGM and is nearing the end of its three-year cycle. A new Remuneration Policy will be put to a binding shareholder vote at the 2022 AGM. As part of this exercise, the Committee will consider how best our ongoing executive remuneration framework aligns with the long term strategy and where necessary, we will consult with our major shareholders and proxy advisers.

Base salary/fee increases for FY22

Salary reviews for all staff are scheduled to take place in October 2021. To the extent 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 FY22

The annual bonus will be determined in line with the normal cycle. For FY22 there are no proposed changes to the annual bonus; it will continue to be based 100% on Adjusted EBIT.

During the year the Committee did consider whether to introduce any new performance measures, in addition to Adjusted EBIT, for the FY22 annual bonus. Given the challenges already presented by the pandemic and the Company's focus on ensuring the health and wellbeing of our colleagues whilst also providing the highest level of customer service during this difficult period, the Committee concluded that it remained appropriate to remain consistent and focus solely on Adjusted EBIT for the year ahead, but that the inclusion of other, non-financial measures in the bonus would be considered again in the future.

LTIP awards to be granted in FY22

The Committee has determined that LTIP grants will be made in line with the normal cycle in July 2021. In line with last year, the LTIP measures will continue to be based on three-year cumulative Adjusted EPS and three-year average ROCE with weightings of 80% and 20% of maximum respectively.

Environmental, Social and Governance considerations

The Committee is also mindful of Environmental, Social and Governance (ESG) issues and the importance of linking executive pay to ESG goals. It is an area that is being reviewed more broadly and as the Company develops its strategy more fully in this area, the Committee intends to review the current incentive framework to determine how to better link Executive Director remuneration with ESG performance. This is an area that will also be considered as part of the Committee's review of the Remuneration Policy next year. In the meantime, for future bonus and LTIP awards the Committee intends to review ESG factors as part of its holistic assessment of the overall appropriateness of pay outcomes.

WIDER WORKFORCE CONSIDERATIONS

The Watches of Switzerland Group always strives to be an organisation that is inclusive, rewarding and fair to all employees. During the course of the year, the Board received reports from the Company on pay and conditions across our workforce, including updates from Senior Management on the impact of COVID-19 on our workforce. The information received by the Board on wider workforce remuneration has helped inform the Committee's decisions on executive pay. The information provided included:

- Regular updates on the number of colleagues on furlough;
- Understanding the impact of furlough on total remuneration costs, including the cost of topping up pay to 100% for furloughed staff; and
- Details on the redeployment of colleagues based in Heathrow and Gatwick whilst airport stores were closed.

I am also pleased to report that our first employee forums in the UK and US took place in 2021. In 2019, we designated Rosa Monckton to be the Non-Executive Director who will gather employee views on a range of issues, including remuneration. It was intended that the first forums would occur in the first half of 2020, but this was put on hold temporarily whilst we dealt with the initial impact of COVID-19. The UK forum was rescheduled and took place in January 2021 with attendance from 24 representatives across both the Retail and Support teams in the UK. The representatives delivered feedback on behalf of all colleagues in relation to three specific areas from the Company's 2020 Engagement Survey – the environment, career progression and change management. Further information on the first UK Listening Forum can be found on pages 86 to 87. The first US forum took place in February 2021 and was attended by six representatives from the US business and chaired by David Hurley, Executive Vice President US and Nikki Zamblera, Executive Director HR. The second UK and US forums are due to take place in summer 2021 along with the second Company-wide engagement survey – How Are We Doing? which was scheduled to take place in January 2021 but which has been postponed to September 2021 due to the pandemic.

At the Watches of Switzerland Group we also value learning very highly. During the period of lockdown, we launched our new e-learning platform and developed a range of new training modules for employees, which spanned a variety of topics including anti-bribery and corruption, whistleblowing, brand and product knowledge, how to manage people and GDPR. In addition, we launched a number of academies and in-house training programmes to further upskill our employees. Further information can be found on page 86.

GENDER PAY REPORTING

Although the UK Government has extended this year's deadline to submit data due to COVID-19, we have published our fourth disclosure of the pay gap based on amounts paid in the April 2020 payroll. The bonus gap was based on incentives paid in the year to 31 March 2020. The mean gender pay gap at the Group is 28% (FY20: 29%) and the mean bonus gap at the Group is 51% (46% last year). As expected, this year's figures are broadly consistent with prior year; this is driven by the fact that the shape of our business remains generally the same and in particular, labour turnover over the past year has been low at 13% of the UK workforce. 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.

IN CONCLUSION

The remainder of the Remuneration Report is split into three parts:

At a Glance section

The "At a Glance" section provides a summary of the payments made to the Executive Directors during FY21 and how it is proposed to operate the Policy in FY22.

Fairness, diversity and wider workforce considerations

This section contains both discussions on the Company's initiatives in employee 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 the past year. 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 FY22.

COMMITTEE CHANGES

Dennis Millard stepped down from the Board as Chair on 14 October 2020. I would like to express my thanks to Dennis for his support during the Company's successful transition from a private to listed company. We welcomed Ian Carter on 1 November 2020, who brings a wealth of experience, knowledge and insight to the Board and the Committee.

I hope that you will find this 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, Laura Battley. I will also be available at the Company's AGM on 2 September 2021 to answer any questions.

On behalf of the Remuneration Committee and the Board.

TEA COLAIANNI
CHAIR OF THE REMUNERATION COMMITTEE
7 July 2021

AT A GLANCE

WATCHES OF SWITZERLAND EXECUTIVE REMUNERATION

Components of remuneration

The Remuneration Committee Report is coded as follows:

☆ Salary	✳ Bonus Plan
○ Pension	△ Long Term Incentive Plan
† Benefits	□ Shareholding ownership requirements

Business context

FY21 outturns against KPIs

KPI and Outturn	
Revenue:	£905.1m
4-Wall EBITDA:	18.3%
Adjusted EBIT:	£77.6m
Adjusted EPS:	23.8p
Cash generated from operations:	£169.8m
Return on Capital Employed:	19.7%

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 ○ 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 △ Motivates key individuals to achieve long term targets and deliver sustainable performance.
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 measures 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 FY21?

Fixed components			
Brian Duffy (CEO)		Anders Romberg (CFO)	
Salary:	£479,167	Salary:	£335,417
Pension:	£0	Pension:	£10,719
Benefits:	£23,419	Benefits:	£33,499

Notes

1. The salary for the CEO and CFO reflects the voluntary temporary reduction of 25% that was effective from 1 April 2020 until 30 June 2020. The payment of the remaining 75% was deferred until July 2020. The CEO and CFO's agreed salaries for FY21 were £500,000 and £350,000 respectively, and the amounts waived were £20,833 and £14,583 respectively.
2. Pension figures were calculated based on Executive Directors' actual salary earned during FY21. They therefore reflect the temporary reductions that were implemented due to COVID-19 but not the salary deferral.
3. Benefits include car or car allowance and private healthcare.

WHAT WAS THE BONUS FOR FY21?

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
Adjusted EBIT	£59.4m	£62.5m	£65.3m	£77.6m	100%	£718,751	£335,417

FY21 is the second year of operation of the new Bonus Plan. In determining the outcome of the bonus, the Committee:

– noted that the performance set out above was after the full repayment of furlough money received during FY21 (£6.8 million);

– excluded the budgeted Business Rates Relief from the target (£11.6 million) and the actual Business Rates Relief from the outturn (£13.6 million);

– assessed the formulaic annual bonus outcome for FY21 against a range of factors including the wider stakeholders' experience as outlined in the Chair's letter on page 141.

The Committee was satisfied that the outcome was reflective of the underlying performance of the business and determined that the FY21 bonus outturn for the CEO and CFO was maximum, which equated to 150% of salary and 100% of salary respectively. Two-thirds of the bonus was paid in cash and one-third was paid in deferred shares. No discretion was exercised by the Committee.

LTIP AWARDS VESTING IN FY21

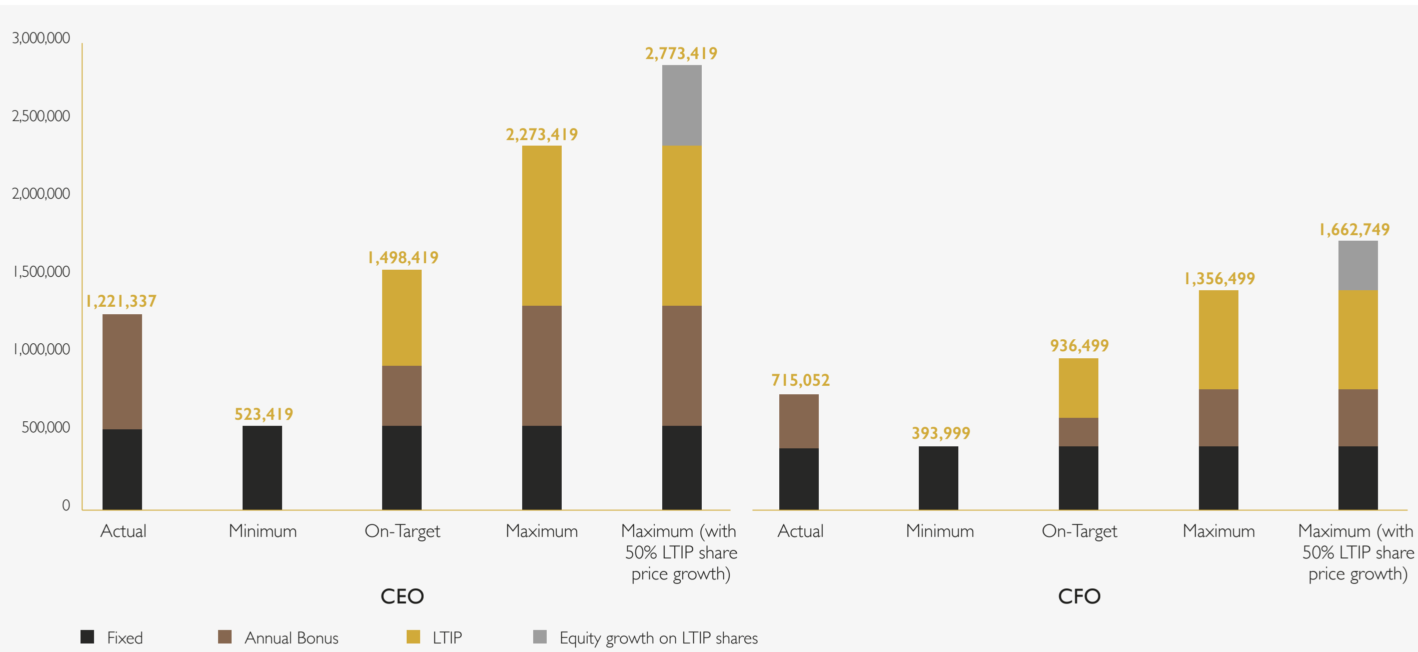
As the Company only listed in May 2019, there are no awards eligible to vest for this financial year.

WHAT WAS THE TOTAL REMUNERATION FOR FY21?

Total compensation			
Brian Duffy (CEO)		Anders Romberg (CFO)	
Salary:	£479,167	Salary:	£335,417
Pension:	£0	Pension:	£10,719
Benefits:	£23,419	Benefits:	£33,499
Bonus:	£718,751	Bonus:	£335,417
Total:	£1,221,337	Total:	£715,052

Notes
1. See earlier footnote on voluntary temporary salary reductions.
2. See earlier footnote on pension figures.
3. Benefits include car or car allowance and private healthcare.

HOW DOES THE TOTAL REMUNERATION FOR FY21 COMPARE TO OUR POLICY?



Notes
1. Assumptions for the scenario charts are as follows:

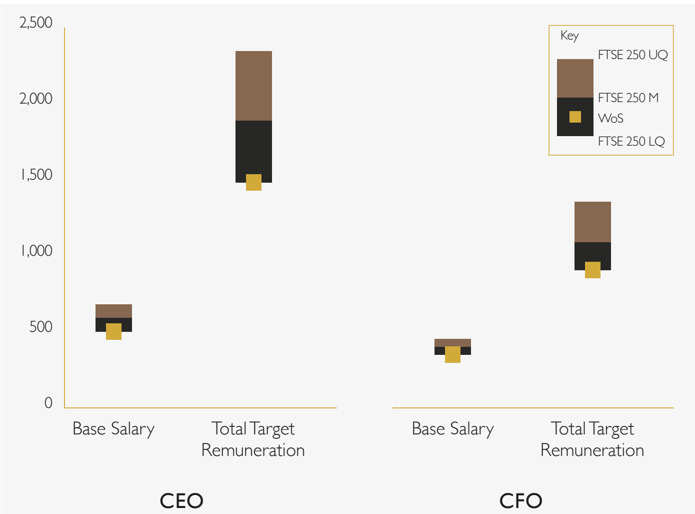
Element	Minimum	On-target	Maximum
Fixed pay	Base salary of £500,000 for CEO and £350,000 for CFO Pension of 0% of salary for CEO and 3% of salary for CFO		
Annual bonus	None	50% of maximum award	100% of maximum award
LTIP	None	60% of maximum award	100% of maximum award

2. Actual pay for FY21 reflects the 25% reduction to Executive Director salaries that was implemented as a result of the COVID-19 pandemic over the three-month period from April 2020 to June 2020.

HOW DOES OUR REMUNERATION COMPARE TO OUR PEERS?

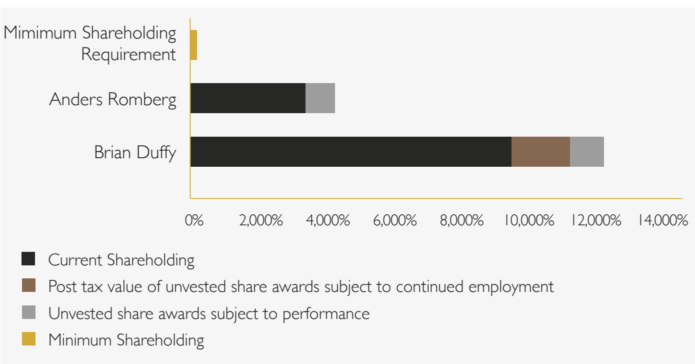
The following chart shows the relative position of salary and target total remuneration for our Executive Directors in comparison to our peers in the FTSE 250. Both salary and target total remuneration for our two Executive Directors fall below the median of the peer group. This is in line with the Committee's intention at IPO to set the current Executive Directors' salaries around the lower quartile of the FTSE 250, given their significant shareholdings in the business prior to IPO.

As the Company matures, the desired policy for any new joiners is median fixed pay, median to upper quartile incentive opportunities and median total remuneration compared to the FTSE 250. This aligns with the performance-based culture of the Group whereby exceptional performance must be delivered in order to earn more than market median level reward.



WHAT IS THE CURRENT SHAREHOLDING OF OUR EXECUTIVE DIRECTORS?

The following chart shows the Executive Directors' shareholdings against their shareholding requirements. Both Executives already exceed the shareholding requirement of 200% of salary. The shareholding numbers are calculated using the share price as at 30 April 2021 of £7.33, which was the last trading day in the period ending 2 May 2021. For the Executive Directors' current holdings, this includes all beneficially owned shares and the net of tax value of the IPO award for the CEO. In addition, we have also shown the unvested 2019 and 2020 LTIP awards which are subject to ongoing performance conditions (see page 158 for full details of shareholdings).



WHAT IS THE IMPACT OF SHARE PRICE ON THE OVERALL WEALTH OF EXECUTIVES LINKED TO THE COMPANY?

The table below sets out, for each Executive Director, the single figure for FY21, the number of shares held by the Director at the beginning and end of the financial year and the impact on the value of these shares taking the opening price and closing price for the year. We note that both Executive Directors have material shareholdings in the Company and hence, the impact of share price movements on Executive Directors' wealth is more impactful on a long term basis than the single figure of remuneration for a particular year:

	FY21 Single figure (£000s)	Shares held at start of year	Shares held at end of year	Value of shares at start of year (£000s)[1]	Value of shares at end of year (£000s)[2]	Difference (£000s)
Brian Duffy (CEO)	£1,221,337	7,474,777	6,474,777	£17,304	£47,460	£30,156
Anders Romberg (CFO)	£715,052	2,624,999	1,624,999	£6,077	£11,911	£5,834

Notes
1. The closing market price of the Company's shares as at 27 April 2020, being the first trading day in the period ended 2 May 2021, was 231.5 pence per ordinary share.
2. The closing market price of the Company's shares as at 30 April 2021, being the last trading day in the period ended 2 May 2021, was 733.0 pence per ordinary share.

WHAT IS THE RATIONALE BEHIND OUR REMUNERATION POLICY?

The Watches of Switzerland Group's Remuneration Policy is designed to provide a framework to:

– Promote the long term success of the Company;
– Support Group strategy, linked to key KPIs such as profit growth;
– Recruit, retain and develop high quality people who are experts in their field and to 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 customers and enabling expansion of the business;
– Provide a remuneration structure which is easily understood by all stakeholders; and
– Adhere to principles of good corporate governance and appropriate risk management.

Further information on the Company's desired Remuneration Policy positioning and supporting rationale can be found on page 83 of the Annual Report and Accounts 2019.

In determining the Remuneration Policy, the Committee paid particular attention to Provision 40 of the Code. The following table summarises the Committee's views.

Factor: Clarity

How our Remuneration Policy aligns

– 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

How our Remuneration Policy aligns

– The Incentive Plans are in line with standard UK market practice and therefore should be familiar to all stakeholders.

Factor: Risk

How our Remuneration Policy aligns

The Remuneration Policy includes:

– Setting defined limits on the maximum awards which can be earned 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 with the strategy of the Company.

– Ensuring a focus on sustainable performance through the Long Term Incentive Plan.

– Ensuring there is sufficient flexibility to adjust payments through malus and clawback.

– An overriding Committee discretion to depart from formulaic outcomes under the Incentive Plans.

These elements mitigate against the risk of target-based incentives 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

– The Long Term Incentive Plan focuses on the sustainability of the 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

How our Remuneration Policy aligns

– The Remuneration Policy clearly sets out the potential rewards available to the Executive Directors depending on the performance achieved. In addition, all the checks and balances set out above under Risk are disclosed as part of the Remuneration Policy.

Factor: Proportionality

How our Remuneration Policy aligns

– The Company's incentive plans 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. Poor performance cannot be rewarded due to the Committee's overriding discretion to depart from the formulaic outcomes under the incentive plans if they do not reflect underlying business performance.

Factor: Alignment to culture

How our Remuneration Policy aligns

– A key tenet of the Watches of Switzerland Group culture is a focus on ensuring long term sustainable performance. This is reflected directly in the type of performance conditions used in the incentive plans.

– The focus on share ownership and long term sustainable performance is also a part of the Company's culture.

Remuneration positioning rationale

The Remuneration Committee adopted a post-IPO remuneration policy positioning taking into account the size of the Group (based on market capitalisation) and practice in the retail sector. The Remuneration Committee's policy positioning is set out in detail below.

– As a principle, the Remuneration Committee and the current Executive Directors felt that it was necessary to have a total remuneration package which was more heavily weighted towards variable pay to preserve the performance-based culture of the organisation and to ensure sufficient focus on the Company's performance post-Admission. This also complements the material shareholding that both incumbents held following Admission;

– The base salary for the CEO was set at the lower quartile of the FTSE 250 and between the lower quartile and median of the FTSE General Retailers;

– The base salary for the CFO was set between the lower quartile and median of the FTSE 250 and at the median of the FTSE General Retailers;

– In line with the UK Corporate Governance Code, the Remuneration Committee set pension contributions for the CFO in line with the Company's pension provision for its wider workforce. The CEO elected to receive no pension contributions; and

– The Remuneration Committee broadly applied its desired policy position to target variable incentives at median to upper quartile levels of the relevant peer groups.

Desired Remuneration Policy Position

The Remuneration Committee felt that it was necessary to have a specific policy position for new joiners and also as the Company matures. The desired policy position for remuneration is as follows. The Company was positioned below the median in terms of market capitalisation of the FTSE 250 (excluding financial services) and FTSE General Retailers when this policy position was developed. For the Executive Directors, the desired policy position as the Company establishes itself following admission will be as follows:

– Median fixed pay;

– Median – upper quartile incentive opportunities; and

– Total target remuneration at around the median.

The Remuneration Committee feels that this approach is aligned with the performance-based culture of the Group. Thus, market-level rewards will only be earned if performance is delivered, with the opportunity to earn more than median for exceptional performance.

HOW IS THE POLICY GOING TO BE IMPLEMENTED IN FY22?

This section comprises part of the Annual Report on Remuneration. The following table summarises how the Remuneration Policy will be operated in FY22. The decisions made took into account both internal and external conditions. The full Remuneration Policy is available on the website: thewosgroupplc.com and can be found in the 2019 Annual Report and Accounts on pages 82 to 91.

Element	FY22	FY23	FY24	FY25	FY26	Summary
Base salary ☆						– Set at a level which is market competitive to attract and retain Executives and at a level which reflects an individual's experience, role, competency and performance. **Base salary levels for FY22** (subject to October 2021 salary/fee review) – CEO: £500,000 (No change) – CFO: £350,000 (No change)
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 majority employee contribution (currently this is 3% of salary). – The CEO, Brian Duffy, has continued to waive his employer pension contribution.
Bonus Plan ✳ **Cash** **Deferred shares**						– Maximum opportunity of 150% of salary (CEO); 100% of salary (CFO). – 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. **Annual bonus for FY22** – CEO: 150% of salary. – CFO: 100% of salary. 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. Due to commercial sensitivity the targets will be retrospectively disclosed at the end of the financial year.
LTIP △ **Vesting period** **Holding period**						– Maximum opportunity of 200% of salary. – A two-year holding period will apply following the three-year vesting period. **LTIP awards for FY22** – CEO: 200% of salary. – CFO: 175% of salary. – The LTIP awards will be granted in July 2021. 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: 103.7p (Threshold); 109.1p (Target); 114.6p (Maximum) – ROCE: 21.0% (Threshold); 22.1% (Target); 23.2% (Maximum)

Element	FY22	FY23	FY24	FY25	FY26	Summary
Shareholding requirements						– The minimum shareholding requirement for Executive Directors is 200% of salary. – A post-cessation minimum shareholding requirement will apply to Executive Directors. The current Executive Directors have a requirement to hold 100% of their pre-cessation shareholding requirement for 12 months from their leaving date. Any future Executive Directors will be required to hold 100% of their pre-cessation shareholding requirement for 24 months from their leaving date.
Company Chair and Non-Executive Director Fees						– As noted earlier, the Chair and NEDs took a voluntary temporary reduction of 25% to their fees as part of specific arrangements that were implemented in response to COVID-19. This was effective from 1 April 2020 and continued for a period of three months; it is reflected in the total single figures for this year. The Chair and the NEDs also deferred the remainder of their fees for this period. **Fees for FY22** (subject to October 2021 salary/fee review) – Chairman: £190,000 p.a. (No change) – NED base fee: £50,000 p.a. (No change) – Senior Independent Director fee: £10,000 p.a. (No change) – Committee Chair fee: £10,000 p.a. (No change) – Audit Committee or Remuneration Committee membership fee: £5,000 p.a. (No change) – Nomination Committee membership fee: £2,500 p.a. (No change)

Key elements of disclosure and page references/statements	
CEO pay ratio	See page 154
CEO remuneration since IPO	See page 156
Total Shareholder Return Graph	See page 156
Percentage change in Director's Remuneration	See page 156
Relative importance of spend on pay	See page 156
Taxable Benefits	See page 157
Pension	See page 157
Bonus outturn for FY21	See page 157
LTIP Awards vesting during FY21	See page 144
Payments to past Directors	See page 158
Payments for loss of office	See page 158
External Directorships	None
Statement of implementation of Policy for FY22	See page 149
Consideration by the Directors of matters relating to Directors' remuneration	See page 148
Statement of shareholder voting	See page 159

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 employees with an open and 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 stores who are vital in offering our customers 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 employee experience. In making decisions on executive reward, the 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 employees, remuneration principles, wider workforce pay conditions, the Committee's remit, our gender pay statistics, how remuneration aligns with Group performance and the Group's fairness, diversity and inclusion initiatives.

The 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 Committee's remit extends down to Executives and Senior Management for which it recommends and monitors the level and structure of remuneration. In addition, in this section, we provide context to our Executive pay by explaining our employee 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 EMPLOYEES

Employees 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, employees are able to talk about pay matters at the Company's Listening Forums and express their views through Company surveys. During FY21 more transparent pay and commission structures were developed in the UK in response to employee feedback; further information can be found on the next page. We note that we are committed to giving our employees a voice and they have always had the opportunity to interact with our Directors. To that end, in 2019 we designated Rosa Monckton to be the Non-Executive Director in charge of gathering our employees' views and presenting these to the Board.

The first forum took place on 29 January 2021 via Zoom and was attended by Rosa as well as 24 representatives across both the retail and support teams in the UK. The purpose of the first forum was to discuss three specific topics from our 2020 engagement survey – i) environmental action plan, ii) career progression action plan and iii) change management action plan – and for the Company to learn more from our colleagues as to how we can improve in these areas.

Ahead of the forum, each representative had attended pre-forum meetings in smaller groups to collate feedback on behalf of their direct colleagues. This was later fed back to Rosa Monckton and other members of the management team. Rosa subsequently reported the findings from the first Listening Forum back to the Board.

Our second Company-wide engagement survey – How Are We Doing? – was due to take place in January 2021 but has been temporarily put on hold due to COVID-19. The survey has been rescheduled and is due to take place in September 2021.

You can also find more information on the activities that the Group undertook around wellbeing and employee engagement during store closures and lockdown periods on page 84 of the Annual Report and Accounts 2021 in the section titled "People, Culture, Community and Environment".

REMUNERATION PRINCIPLES

Our reward strategy is designed to support and reinforce the Company's purpose, vision and values, and to reward all of our employees for delivering against our strategic objectives. The remuneration principles that we have developed apply across the Group and are cascaded throughout the organisation.

COMMITTEE REPORT PROCESS

The Committee carried out its annual oversight review of key remuneration elements, policies and processes by employee group during FY21. This process was introduced in 2020 to enable the Committee to carry out its oversight and review of wider workforce pay and policies and to ensure that they are designed to support the Company's desired culture and values.

As part of this process, the Committee receives a report periodically from the Company setting out key details of remuneration throughout the Company. Clearly the levels of remuneration and the types offered will vary across the Company depending on the employee's level of seniority and role, and also the employee's location. The 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; and
- Whether the approach seems fair and equitable in the context of other employees.

Once the 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 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.

During FY21, the Company also undertook a review of UK pay and commission structures across our brands. Historically, each legacy business had a unique pay and commission structure. However, these have now been aligned, with the Company publishing its hourly pay rates and ensuring a single operating model in terms of levels of pay, location premiums and commission structures. This aligns with the desire for more transparent pay structures that emerged from the feedback at the first UK Listening Forum. The Company also continues to ensure that its pay rates are above the National Living Wage across the business.

During the course of the year, the Board received reports from the Company on pay and conditions across our workforce, including updates from Senior Management on the impact of COVID-19 on our colleagues. The information received by the Board on wider workforce pay has helped inform the Committee's decisions on executive pay. The information provided included:

- Regular updates on the number of colleagues on furlough;
- Understanding the impact of furlough on total remuneration costs, including the cost of topping up pay to 100% for furloughed staff; and
- Details on the redeployment of colleagues based in Heathrow and Gatwick whilst airport stores were closed.

As there have been no fundamental changes to the Group's remuneration framework between FY20 and FY21, the findings which we communicated in the 2020 Directors' Remuneration Report on pages 146 to 156 remain accurate. Therefore, the Committee remains satisfied that the approach to remuneration across the Group is consistent with the Company's principles of remuneration. Furthermore, in the 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 Committee on the Group's remuneration structure.

Element of remuneration	Overview of practice at Watches of Switzerland Group plc
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. Nearly two years on from our IPO, 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 employees 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; and – Ensure the Company's targeted National Living Wage differential is maintained.
Annual variable pay	All Watches of Switzerland Group employees 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 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; and – 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 employee. Bonuses to eligible employees 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 customer outcomes.
LTIP	The LTIP is currently available to Executive Directors, members of the Trading Board and a limited number of senior managers. 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 employees and details of award opportunity are set out below:
Pension	The Company operates a defined contribution pension arrangement, which all UK employees 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. Arrangements for US employees vary depending on territory. In some locations the Company offers a 3% 401k employer match and in other locations a 2% match is offered.
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 staff and some UK staff), and in the UK, season ticket loans and a cycle to work scheme. 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 employees deal with any personal problems that may adversely impact their work performance, health and/or wellbeing. All of our employees are entitled to staff discounts, subject to the rules of the relevant schemes.

LTIP – eligible employees and award opportunity:

Level	No. of eligible employees	Targeted ranges (% of salary)
Group CEO	1	200%
Group CFO	1	175%
Senior leaders	13	50%-80%

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 employees 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 recently undergone a National Living Wage audit from HM Revenue & Customs, with a very positive result.
Recognition and celebration	Our award-winning recognition programme, VibE, provides all colleagues with the ability to recognise and celebrate achievements across the employee population instantly via a digital platform. We celebrate these achievements in style at our annual award ceremonies. Clarity, our bi-monthly internal magazine, is another platform through which we engage with our colleagues, provide Company news, and recognise and celebrate achievements across the workforce.
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.
Equal opportunities and diversity initiatives	The Company is committed to an active Equal Opportunities 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 employees, customers 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 employees, 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 87 to 89.

GENDER PAY

UK legislation requires employers with more than 250 employees to disclose information on their gender pay gap on an annual basis. Although the Government has extended this year's deadline to submit data due to COVID-19, we have published our fourth disclosure of the pay gap based on amounts paid in the April 2020 payroll. The bonus gap was based on incentives paid in the year to 31 March 2020. The mean gender pay gap at the Group is 28%, compared to 29% last year. The mean bonus gap at the Group is 51%, compared to 46% last year. As expected, this year's figures are broadly consistent with prior year; this is driven by the fact that the shape of our business remains generally the same and in particular, labour turnover over the past year has been low at 13% of the UK workforce. 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 FY21 and FY20 are set out in the table below:

Financial year	Method used	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
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 last year's single total figure of remuneration.

Details of salary and total pay and benefits as required under the regulations are set out below:

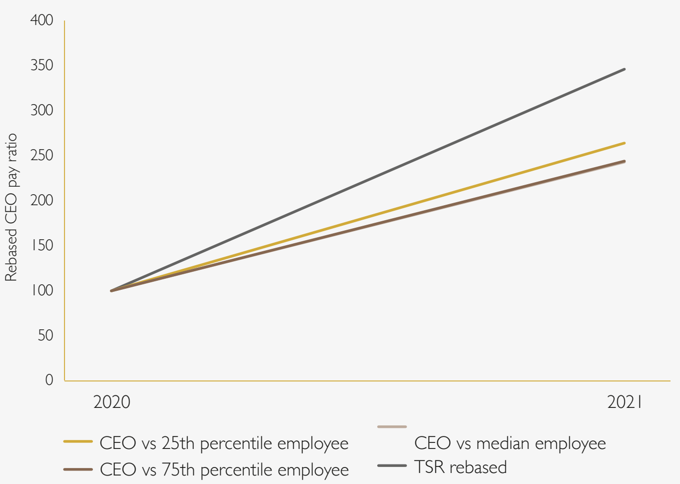
CEO base salary (£'000): 479.2 (includes voluntary 25% reduction in May and June)

CEO total pay and benefits (£'000): 1,221.3

Employee figures (£'000)	Salary	Total pay and benefits
25th percentile employee	32.6	33.1
50th percentile employee	23.0	23.9
75th percentile employee	18.1	20.1

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 employees at the 25th, 50th and 75th percentiles. We have determined the individuals at the 25th, 50th and 75th percentiles as at 2 May 2021, the last day of the financial year.

The graph below shows how the Company's CEO pay ratio has changed compared with the Company's TSR performance (share price plus dividends paid) over the last two years. For the purpose of the chart below, for FY20 we have used the pay ratio *excluding* the CEO's one-off IPO award, as we believe this provides a more meaningful comparison year-on-year. Over time a ten-year history will be built up.



When rebased, the 'CEO vs median employee' line overlaps with the 'CEO vs 25th percentile employee' line; therefore the former cannot be seen on the chart.

In summary, there has been a significant decrease in the reported CEO pay ratios for FY21 compared to FY20. This is because the CEO's total pay and benefits for FY20 includes the one-off IPO award he received, which had a value of £5,999,999 at grant. Full details of the terms and conditions of the one-off award are set out on pages 75 and 76 of the 2019 Annual Report.

When comparing the FY21 CEO pay ratio with the FY20 CEO pay ratio excluding the one-off IPO award, there has been an increase year-on-year. This is driven by the fact that last year, no bonuses were payable to Executive Directors. Despite the business having made excellent progress against its targets during the majority of FY20, the timing of the COVID-19 outbreak and closure of stores during the last six weeks of the financial year caused significant disruption and resulted in targets being missed. This year, however, despite the continued impact of the pandemic and multiple lockdowns, trading performance has been exceptional, and the CEO received a bonus of 150% of salary (i.e. 100% of the maximum bonus opportunity).

The first LTIP award is due to vest in July 2022 (subject to performance outcomes), meaning that the FY21 and FY20 ratios do not include a value in respect of the LTIP. To the extent that LTIP awards vest, the value of these awards will be included from FY22 onwards. This will introduce a further degree of variability to the ratio, because the LTIP is provided in shares, and therefore movements in the share price over the three-year performance period will affect the vesting value of the LTIP and the resulting CEO pay ratio.

In addition, we expect the ratios could be fairly volatile for the following reasons:

- The CEO's pay is made up of a greater proportion of incentive pay than for employees generally, and this leads to a higher degree of variability in his overall pay each year; and
- LTIPs are provided in shares, and therefore an increase in share price over the three years magnifies the impact of a long term incentive award vesting in any given year.

We recognise that the ratio is driven by the different structure of the pay of our CEO versus that of our employees 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 Committee reviews information about employee 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 employees 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 employees:

- 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 FY21 the CEO received an annual bonus of 100% of maximum i.e. 150% of salary. See page 143 for further information on the factors considered by the Remuneration Committee when determining FY21 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 employee's contracted hours and the proportion of the year they were employed.

Percentage change in Directors' remuneration

The table below shows how the percentage change in each Director's salary/fees, taxable benefits and annual bonus between FY21 and FY20 compares with the average percentage change in each of those components of pay for the UK-based employees of the Group as a whole.

This table will build up over time to a five-year comparison as required by the EU Shareholder Rights Directive II. 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 employees other than the two Executive Directors, no statutory disclosure can be provided in respect of the employees. Therefore, the Company has chosen to voluntarily disclose the information in the table below using UK full-time employees as the comparator group; this group was chosen on the basis that the majority of our workforce is UK-based.

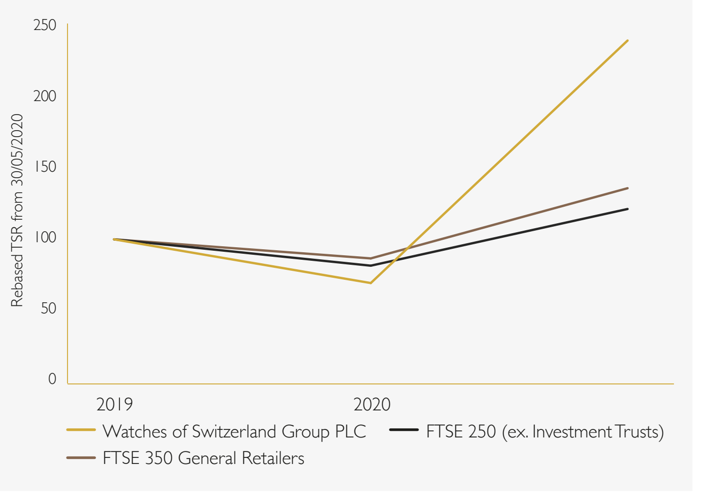
Year-on-year changes in pay for Directors compared to the average UK employee increase:

	FY20 to FY21		
Name	Salary/Fees	Taxable Benefits	Annual Bonus
Executive Directors			
Brian Duffy	0%	2.7%	n/a[1]
Anders Romberg	0%	-43.0%	n/a[1]
Non-Executive Directors			
Ian Carter[2]	n/a	n/a	n/a
Tea Colaianni	0%	n/a	n/a
Robert Moorhead	0%	n/a	n/a
Rosa Monckton	0%	n/a	n/a
Dennis Millard[3]	0%	n/a	n/a
Fabrice Nottin[4]	n/a	n/a	n/a
Average percentage increase for UK employees	5.0%	4.0%	n/a[5]

1. The Group bonus scheme did not trigger in FY20.
2. Ian Carter was appointed as Chair of the Company on 1 November 2020.
3. Dennis Millard served as Chair of the Company until the close of the 2020 AGM and was available until December 2020 to facilitate the transition to a new Chair.
4. Fabrice Nottin served as a Non-Executive Director representing AIF VII Euro Holdings, L.P. until 16 December 2020. He was not remunerated for being a Director as a shareholder representative.
5. The Group bonus scheme did not trigger in FY20. We have not included sales commissions in this calculation.

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 May 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 Admission

The Committee does not believe that the remuneration paid whilst the Company was private is relevant to the remuneration following Admission. As such, FY20 was the first full 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
Incumbent	B. Duffy	B. Duffy
Single figure of remuneration (excluding one-off IPO award)[1]	£6,512,387 (£512,388)	£1,221,337
% of max annual bonus earned	0%	100%
% of max LTIP awards vesting	n/a	n/a

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 last year's 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 26 April 2020 to the financial year ended 2 May 2021.

Relative importance of the spend on pay	FY21 £m	FY20 £m	% Change
Employee remuneration	101,263	83,485	+21.3%
Distribution to shareholders	£0	£0	0%

The Company has not paid a dividend or carried out a share buyback in the current year nor previous year.

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 FY21. 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	FY21	479,167	23,419	718,751	0	0	0	1,221,337	502,586	718,751
	FY20	489,583	22,805	0	0	0	5,999,999	6,512,387	6,512,387	0
Anders Romberg	FY21	335,417	33,499	335,417	0	10,719	0	715,052	379,635	335,417
	FY20	338,926	58,722	0	0	13,156	0	410,804	410,804	0
Non-Executive Directors[1]										
Ian Carter[7]	FY21	95,000	0	n/a	n/a	n/a	n/a	95,000	95,000	n/a
	FY20	–	–	–	–	–	–	–	–	–
Tea Colaianni	FY21	74,271	0	n/a	n/a	n/a	n/a	74,271	74,271	n/a
	FY20	74,504	823	n/a	n/a	n/a	n/a	75,327	75,327	n/a
Robert Moorhead	FY21	64,688	0	n/a	n/a	n/a	n/a	64,688	64,688	n/a
	FY20	66,094	0	n/a	n/a	n/a	n/a	66,094	66,094	n/a
Rosa Monckton	FY21	59,896	0	n/a	n/a	n/a	n/a	59,896	59,896	n/a
	FY20	61,198	0	n/a	n/a	n/a	n/a	61,198	61,198	n/a
Dennis Millard[8]	FY21	110,955	0	n/a	n/a	n/a	n/a	110,955	110,955	n/a
	FY20	186,042	617	n/a	n/a	n/a	n/a	186,659	186,659	n/a
Fabrice Nottin[9]	FY21	–	–	–	–	–	–	–	–	–
	FY20	–	–	–	–	–	–	–	–	–

Notes
1. The salary/fees for the Executive Directors and Non-Executive Directors 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. The amounts waived for each of the NEDs, in the order in which they are listed in the table above, are n/a, £3,228, £2,812, £2,604, £7,916 and 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 one third in cash and two thirds 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 both Executive Directors. See page 143 for further details on the annual bonus outturn for FY21.
4. No LTIP award was eligible to vest in FY21 with the first grant under the LTIP being made in FY20.
5. No Director has a prospective entitlement to receive a defined benefit pension.
6. The figure for Brian Duffy in FY20 is his one-off IPO award. Whilst the majority of the terms of this one-off award were agreed in FY19, the award was not finalised by the selling shareholder until after the financial year end and therefore from a reporting perspective it is included in the FY20 single total figure of remuneration alongside the other elements of the remuneration package provided in the Remuneration Policy as a listed company. Full details of the terms and conditions of the one-off award are set out on pages 75 and 76 of the 2019 Annual Report. This figure was calculated using the IPO price of £2.70.
7. Ian Carter was appointed as Chair of the Company on 1 November 2020.
8. Dennis Millard served as Chair of the Company until the close of the 2020 AGM and was available until December 2020 to facilitate the transition to a new Chair.
9. Fabrice Nottin was appointed on 20 February 2019 and represents AIF VII Euro Holdings, L.P. He is not remunerated for being a Director as a shareholder representative. Fabrice stepped down from his role on 16 December 2020.

ANNUAL BONUS OUTCOMES IN FY21 (AUDITED)

The maximum bonus opportunity for the CEO and CFO for FY21 was 150% 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 FY21 and the extent to which they were satisfied are shown in the table below.

Performance condition	Weighting	Threshold performance required	Maximum performance required	Actual performance	Percentage of maximum performance achieved	Bonus value achieved: Brian Duffy	Bonus value achieved: Anders Romberg
Adjusted EBIT	100%	£59.4m	£65.3m	£77.6m[1]	100%	£718,751	£335,417

Notes
1. This is after the full repayment of £6.8 million of CJRS monies received from the UK Government during FY21.

FY21 is the second year of operation of the new Bonus Plan. In determining the outcome of the bonus, the Committee:

– noted that the performance set out above was after the full repayment of furlough money received during FY21 (£6.8 million);

– excluded the budgeted Business Rates Relief from the target (£11.6 million) and the actual Business Rates Relief from the outturn (£13.6 million);

– assessed the formulaic annual bonus outcome for FY21 against a range of factors including the wider stakeholders' experience as outlined in the Chair's letter on page 141.

The Committee was satisfied that the outcome was reflective of the underlying performance of the business and determined that the FY21 bonus outturn for the CEO and CFO was maximum, which equated to 150% of salary and 100% of salary respectively. Two-thirds of the bonus was paid in cash and one-third was paid in deferred shares. No discretion was exercised by the Committee.

LONG TERM INCENTIVES AWARDED IN FY21 (AUDITED)

The table below sets out the details of the long term incentive awards granted in FY21, 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	£1,000,000	312,500	20%	100%	EPS (80%) ROCE (20%)
Anders Romberg	Nil Cost Options	Annual – 175% of salary	£612,499	191,406	20%	100%	EPS (80%) ROCE (20%)

The awards were granted on 23 September 2020; the face value is calculated with reference to a share price of £3.20, being the closing share price on 22 September 2020. The awards will vest, subject to the level of performance achieved, on 23 September 2023.

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 63.18p, 50% of the award vesting at a cumulative EPS of 66.5p and 100% of the award vesting at a cumulative EPS of 69.83p. 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 15.5%, 50% of the award vesting at an average ROCE of 16% and 100% of the award vesting at an average ROCE of 16.5%. Options vest on a straight-line basis between those targets. ROCE is defined in the Glossary on pages 216 to 217.

DIRECTORS' SHARE INTERESTS (AUDITED)

		Shares held directly		Other shares held		Shareholding Requirement	
Name	Current Shareholding	Beneficially Owned	Deferred shares not subject to performance conditions	LTIP interests subject to performance conditions	One-off IPO award	% Salary	Shareholding requirement met?
Executive Directors							
Brian Duffy	6,474,777	6,474,777	0	682,870	2,222,222	200%	Yes (9,492%)
Anders Romberg	1,624,999	1,624,999	0	418,258	0	200%	Yes (3,403%)
Non-Executive Directors							
Ian Carter	35,000	35,000				n/a	n/a
Tea Colaianni	15,629	15,629				n/a	n/a
Robert Moorhead	15,568	15,568				n/a	n/a
Rosa Monckton	8,904	8,904				n/a	n/a

There have been no changes to shareholdings between 3 May 2021 and 30 June 2021, being the last practicable date prior to publication of this report.

The market price of shares at 30 April 2021 was 733p and the range during FY21 was 215.5p to 738p.

PAYMENTS TO PAST DIRECTORS (AUDITED)

No payments to past directors were made in FY20.

Dennis Millard served as Chair until the close of the 2020 AGM on 14 October. He received additional fees of £32,398 for services provided until 15 December 2020 to facilitate the transition to a new Chair.

PAYMENTS FOR LOSS OF OFFICE (AUDITED)

No loss of office payments were made in FY20 or FY21.

EXECUTIVE DIRECTOR SERVICE CONTRACTS

Executive Directors have service agreements with an indefinite term, and which are terminable by either the Group or the Executive Director with six months' notice.

Executive Director	Date of service contract
Brian Duffy (CEO)	28 May 2019
Anders Romberg (CFO)	28 May 2019

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors (NEDs), including the Chair, do not have service contracts. The Company's policy is that NEDs are appointed for specific terms of three years unless otherwise terminated earlier in accordance with the Articles of Association or by, and at the discretion of, either party upon three months' written notice. NED appointments are reviewed at the end of each three-year term. NEDs will normally be expected to serve two three-year terms, although the Board may invite them to serve for an additional period.

NED letters of appointment are available to view at the Company's registered office.

Summary details of terms and notice periods for current NEDs are included below.

NED	Date of current letter of appointment	Expiry of current term	Notice period
Ian Carter	1 November 2020	1 November 2023	3 months
Tea Colaianni	7 May 2019	7 May 2022	3 months
Robert Moorhead	7 May 2019	7 May 2022	3 months
Rosa Monckton	7 May 2019	7 May 2022	3 months

APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The FY21 Directors' Remuneration Report will be subject to a shareholder vote at the 2021 AGM. Entitlement of a Director to remuneration is not made conditional on this resolution being passed.

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 2020 Directors' Remuneration Report (2020 AGM)	210,086,289	99.38%	1,320,598	0.62%	211,406,887	0
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
7 July 2021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FINANCIAL STATEMENTS

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 2 May 2021 and of the Group's profit for the period then ended;

– the Group Financial Statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;

– 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 period ended 2 May 2021 which comprise:

Group	Parent Company
Consolidated Balance Sheet as at 2 May 2021	Company Balance Sheet as at 2 May 2021
Consolidated Income Statement for the 53-week period ended 2 May 2021	Company Statement of Changes in Equity for the 53-week period ended 2 May 2021
Consolidated Statement of Comprehensive Income for 53-week period ended 2 May 2021	Related notes C1 to C8 to the Financial Statements including a summary of significant accounting policies
Consolidated Statement of Changes in Equity for the 53-week period ended 2 May 2021	
Consolidated Statement of Cash Flows for the 53-week period ended 2 May 2021	
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 International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. 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 are independent of the Group 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 2022, and which includes details of facilities available, forecast covenant calculations, and the results of management's scenario planning;

– Testing managements model for clerical accuracy;

– Understanding and assessing the design effectiveness and implementation of controls over the Directors' going concern assessment and management's forecasting process;

– Obtaining the legal 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 period;

– Challenging the reasonableness of forecasts and key assumptions underpinning the going concern model, which are based on the Board approved budget, through assessing changes from the prior period, making enquiries, comparing to external forecasts in the luxury goods sector and considering whether there was any indication of management bias, including consideration of any contrary evidence;

– 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 inquiries to the date of this Report;

– Reperforming covenant calculations;

– Assessing the Group's plausible but severe downside scenarios, which factor in the potential effect of ongoing disruption as a result of COVID-19, including challenging the assumptions and whether the quantum of the impact of the downside scenarios are appropriate;

– Challenging whether there are any additional plausible but severe downside scenarios which should be considered;

– Assessing mitigating factors available to management should downside scenarios be worse than anticipated, including challenging whether these are realistic and controllable;

– Assessing the adequacy and appropriateness of 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;

– 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 International Financial Reporting Standards, the Companies Act and the UK Corporate Governance Code.

The Directors' 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. This includes the scenario where there is a repeat of the FY21 COVID-19 impact on the ability of stores to trade modelled without Government support.

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 2022.

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 in the prior period. – 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.
Materiality	– Overall Group materiality of £3.6m (2020: £2.4m) which represents 5% (2020: 5.1%) of Profit before tax and exceptional items.
Audit scope	– We performed an audit of the complete financial information of five (2020: nine) components. In 2020, as part of our audit transition, we scoped in four components that did not contain material balances in order to better understand the business and areas of potential risk. As part of 2021 audit scoping we concluded that the risk of these components did not necessitate including them in the Group audit scope. – The components where we performed full audit procedures accounted for 97.3% (2020: 95.5%) of Profit before tax and exceptional items, 99.7% (2020: 99.6%) of Revenue and 99.1% (2020: 99.3%) of Total assets.
Key audit matters	– Store impairment. – Inventory valuation. – Revenue recognition including the risk of management override.

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDITS

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the Consolidated Financial Statements. We take into account size, risk profile 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 13 (2020: 13) reporting components of the Group, we selected five (2020: nine) components covering entities within the UK and US, which represent the principal business units within the Group. In 2020, as part of audit transition, we scoped in four components that did not contain material balances in order to better understand the business and areas of potential risk. As part of 2021 audit scoping we concluded that the risk of these components did not necessitate including them in Group scope.

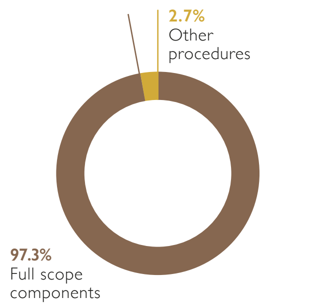
We performed an audit of the complete financial information of all 5 (2020: 9) of the principal business units ("full scope components") which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 97.3% (2020: 95.5%) of the Group's Profit before tax and exceptional items, 99.7% (2020: 99.6%) of the Group's Revenue and 99.1% (2020: 99.3%) of the Group's Total assets.

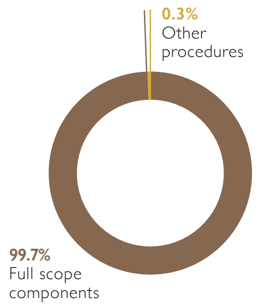
Of the remaining 8 (2020: 4) components that together represent 2.7% (2020: 4.5%) of the Group's Profit before tax and exceptional items, none are individually greater than 5% (2020: 5%) of the Group's Profit before tax and exceptional items. For these components, we performed other procedures, including 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.

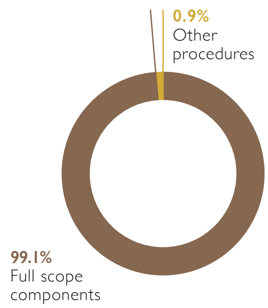
Profit before tax and exceptional items



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. Due to the impact of the COVID-19 pandemic, UK primary team meetings with US finance and operations employees during the period end audit were held by conference call.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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
Store impairment – £5.2m impairment charge (FY20 £9.4m impairment charge) Refer to the Audit Committee Report (page 136); Accounting policies (page 174); and note 12 and 13 of the Consolidated Financial Statements (pages 191 to 194) Individual stores, including the associated lease right of use assets, are considered to be cash generating units which should be reviewed for indicators of impairment at each reporting period end. Store closures and the impact of COVID-19 on trading are indicators of impairment. Forecasts and discount rates used in assessing store impairment are judgemental and involve estimates of future trading which involves uncertainty. As a result of the impact of COVID-19 there continues to be increased subjectivity in forecasts used and therefore greater estimation uncertainty to evaluate store value in use.	– We understood and assessed the design effectiveness and implementation of and controls over the impairment indicator review and impairment test. – We have assessed the UK and US discount rates used with the assistance of EY internal valuation specialists to include independently calculating a discount rate and determining a reasonable range as a corroboration for the appropriateness of the discount rate used by management. – We assessed whether the forecasts used are in line with those approved by the Board, including the three-year plan. – We have challenged the forecasts used by management in calculating the value in use through assessing changes from the prior period, making enquiries, comparing to external forecasts in the luxury goods sector and considering whether there was any indication of management bias, including consideration of any contrary evidence. – We challenged the long term growth rates applied by comparing to external forecasts. – We have validated impairment test input data and arithmetical accuracy. – We have independently stress tested the model's key assumptions. – We have assessed the adequacy of the disclosures in respect of the impairment charge and the associated sensitivity of assumptions.	We consider the store impairment charge recognised to be materially stated and appropriately disclosed in both exceptional and underlying operations. Management have appropriately included sensitivity analysis disclosures in note 12 to the Financial Statements to reflect this estimation uncertainty.
Inventory valuation – £226.4m Finished goods inventory (FY20 £243.4m) Refer to the Audit Committee Report (page 136); and Accounting policies (page 174) 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 brands which may have been impacted more significantly due to COVID-19.	– We understood and assessed the design of management's key controls over the inventory valuation and provision calculation process. – We performed analytical review procedures to assess the reasonableness of the inventory valuation as a whole. – We inspected the level of inventory sold at less than cost during the period and agreed a sample of stock items to the latest sales invoice to confirm stock is recorded at the lower of cost or NRV. – We assessed the completeness of inventory items flagged for NRV provision through inspection of stockturn by brand and product. – 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 investigated manual adjustments to inventory that do not follow the core processes such as postings for rebates, NRV and price changes.	Based on our procedures, including assessment of inputs to managements model and trends of actual sales data, 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 – £905.1m Revenue (FY20 £810.5m)
 	
Refer to the Audit Committee Report (page 136); Accounting policies (page 174); and note 3 of the Consolidated Financial Statements (page 182)
 	
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 as material misstatements due to 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
– Valuation of gift card provisions
	– We performed analytical review procedures to assess the revenue trends compared to the prior period and budget to identify areas that warrant further investigation.
	– We understood and assessed the design of management's key controls over the revenue recognition process.
	– For the UK and US full scope components (99.7% of Group revenue) we utilised data analytic procedures to map the revenue journals to cash, debtors, VAT and other relevant accounts.
	– Using data analytical tools, we investigated manual adjustments to revenue that do not follow the core processes such as postings for deferred revenue on deposits.
	– We challenged the provisions for returns and gift card deferred revenue, specifically we:
	  – assessed historical returns and gift card redemption rates including the impact of COVID-19;
	  – 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.
	– We assessed the completeness of deposits through use of data analytics procedures and validating the releases of deposits in the period to revenue.
		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.

In the prior period, our Auditor's Report included a key audit matter in relation to IFRS 16 Lease implementation. In the current period this is no longer a key audit matter as the accounting has been established. In the prior period, our Auditor's Report also included a key audit matter in relation to the impact of COVID-19 on going concern. In the current period this is no longer a key audit matter due to the financial performance of the Group during the period and the level of liquidity and covenant headroom.

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 £3.6 million (2020: £2.4 million), which is 5.0% (2020: 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 £9.4 million (2020: £9.4 million), which is 2% (2020: 2%) of Equity, due to the main purpose of the entity being an investment holding company which does not trade.

STARTING BASIS	Profit before tax - £63.7m
ADJUSTMENTS	– IPO related costs - £4.8m – COVID-19 linked impairment and expected credit losses - £4.2m – Acquisition related costs - £0.2m
MATERIALITY	– Totals £72.9m Profit before tax and exceptional items – Materiality of £3.6m (5% of materaility basis)

During the course of our audit, we reassessed initial materiality and trued this up to final results.

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% (2020: 50%) of our materiality, namely £2.7 million (2020: £1.2 million). We have set performance materiality at this percentage as we do not anticipate a significant level of audit differences following our FY20 audit and HY21 review.

Audit work in components 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 period, the range of performance materiality allocated to components was £0.55 million to £2.70 million (2020: £0.24 million to £1.20 million).

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 £0.18 million (2020: £0.12 million), 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 and Accounts set out on pages 1 to 159 and 216 to 218, 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 and Accounts.

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 there is 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 period 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

The Listing Rules require us to review 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.

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 132;
- 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 114 to 115;
- Directors' statement on fair, balanced and understandable set out on page 132;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 105;
- The section of the Annual Report and Accounts that describes the review of effectiveness of risk management and internal control systems set out on page 138; and
- The section describing the work of the Audit Committee set out on pages 136 to 137.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on pages 132 to 133, 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 are 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 (International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union, 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 procedures and the Company Secretary and General Counsel. We corroborated 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. 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 summaries 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 one year, covering the periods ending 26 April 2020 to 2 May 2021.
- 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.
- 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.

JULIE CARLYLE (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF ERNST & YOUNG LLP, STATUTORY AUDITOR
London

7 July 2021

CONSOLIDATED INCOME STATEMENT

	Note	53 week period ended 2 May 2021 Underlying operations £'000	Exceptional items* £'000	Total £'000	52 week period ended 26 April 2020 Underlying operations £'000	Exceptional items* £'000	Total £'000
Revenue	3	**905,077**	**–**	**905,077**	**810,512**	**–**	**810,512**
Cost of sales		(784,304)	–	(784,304)	(716,717)	–	(716,717)
(Impairment)/reversed impairment of trade receivables		(221)	233	12	(3,452)	(695)	(4,147)
Gross profit/(loss)		**120,552**	**233**	**120,785**	**90,343**	**(695)**	**89,648**
Administrative expenses		(27,970)	(5,076)	(33,046)	(20,520)	(8,330)	(28,850)
Impairment of assets	5	(784)	(4,245)	(5,029)	(863)	(8,526)	(9,389)
Loss on disposal of non-current assets		(856)	–	(856)	(3,123)	–	(3,123)
Operating profit/(loss)	5	**90,942**	**(9,088)**	**81,854**	**65,837**	**(17,551)**	**48,286**
Finance costs	7	(18,343)	–	(18,343)	(19,589)	(28,490)	(48,079)
Finance income	8	166	–	166	1,280	–	1,280
Net finance cost		**(18,177)**	**–**	**(18,177)**	**(18,309)**	**(28,490)**	**(46,799)**
Profit/(loss) before taxation		**72,765**	**(9,088)**	**63,677**	**47,528**	**(46,041)**	**1,487**
Taxation	9	(14,797)	1,751	(13,046)	(9,327)	8,347	(980)
Profit/(loss) for the financial period		**57,968**	**(7,337)**	**50,631**	**38,201**	**(37,694)**	**507**
EARNINGS PER SHARE	10						
Basic		**24.2p**		**21.1p**	16.3p		0.2p
Diluted		**24.2p**		**21.1p**	16.3p		0.2p

*Exceptional items have been further described in note 4.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Profit for the financial period		**50,631**	507
Other comprehensive income/(expense):			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS			
Foreign exchange (loss)/gain on translation of foreign operations excluding deferred tax		(10,480)	3,644
Foreign exchange gain/(loss) on translation of foreign operations – deferred tax		629	(372)
Related tax movements	9	1,606	127
		(8,245)	**3,399**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Actuarial losses on defined benefit pension scheme	20	(248)	(152)
Related tax movements	9	47	29
		(201)	**(123)**
Other comprehensive (expense)/income for the period, net of tax		**(8,446)**	**3,276**
Total comprehensive profit for the period, net of tax		**42,185**	**3,783**

The notes on pages 173 to 209 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

	Note	2 May 2021 £'000	26 April 2020 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	135,440	137,077
Intangible assets	11	15,196	17,726
Property, plant and equipment	12	93,682	101,390
Right-of-use assets	13	253,709	251,642
Deferred tax assets	9	14,413	12,264
Trade and other receivables	14	606	1,325
		513,046	**521,424**
CURRENT ASSETS			
Inventories - finished goods		226,403	243,444
Current tax asset		1,884	3,659
Government grants	17	–	2,575
Trade and other receivables	14	9,746	8,170
Cash and cash equivalents	15	76,076	72,927
		314,109	**330,775**
Total assets		**827,155**	**852,199**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	(149,604)	(136,467)
Lease liabilities	13	(38,383)	(46,205)
Government grants	17	–	(1,186)
Borrowings	19	–	(82,649)
Provisions	18	(800)	(764)
		(188,787)	**(267,271)**
NON-CURRENT LIABILITIES			
Trade and other payables	16	(2,153)	(2,636)
Lease liabilities	13	(262,983)	(261,753)
Borrowings	19	(117,885)	(117,072)
Post-employment benefit obligations	20	(2,570)	(2,714)
Provisions	18	(2,460)	(1,212)
		(388,051)	**(385,387)**
Total liabilities		**(576,838)**	**(652,658)**
Net assets		**250,317**	**199,541**
EQUITY			
Share capital	21	2,993	2,993
Share premium	21	147,122	147,122
Merger reserve	21	(2,209)	(2,209)
Retained earnings		106,459	47,438
Foreign exchange reserve		(4,048)	4,197
Total equity		**250,317**	**199,541**

The prior period balances have been restated, in line with IFRS 3 "Business combinations", to reflect the finalisation of the provisional fair values as well as the final purchase price of the Group's acquisition of Macrocom (1077) Limited. Further detail is disclosed within note 25.

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:

L A ROMBERG
CHIEF FINANCIAL OFFICER
Date: 7 July 2021

The notes on pages 173 to 209 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Foreign exchange reserve £'000	Total equity attributable to owners £'000
Balance at 29 April 2019	**66**	**–**	**–**	**55,359**	**798**	**56,223**
Profit for the financial period	–	–	–	507	–	507
Other comprehensive (expense)/income	–	–	–	(152)	3,644	3,492
Tax relating to components of other comprehensive income	–	–	–	29	(245)	(216)
Total comprehensive income	**–**	**–**	**–**	**384**	**3,399**	**3,783**
TRANSACTIONS WITH OWNERS						
Share-based payment charge (note 22)	–	–	–	3,196	–	3,196
Group restructure (note 21)	2,209	–	(2,209)	–	–	–
Distribution in law (note 21)	–	–	–	(11,501)	–	(11,501)
Share issue on IPO (note 21)	718	154,412	–	–	–	155,130
Costs directly attributable to primary issue (note 21)	–	(7,290)	–	–	–	(7,290)
Balance at 27 April 2020	**2,993**	**147,122**	**(2,209)**	**47,438**	**4,197**	**199,541**
Profit for the financial period	–	–	–	50,631	–	50,631
Other comprehensive expense for the period	–	–	–	(248)	(9,851)	(10,099)
Tax relating to components of other comprehensive expense	–	–	–	47	1,606	1,653
Total comprehensive income/(expense)	**–**	**–**	**–**	**50,430**	**(8,245)**	**42,185**
TRANSACTIONS WITH OWNERS						
Share-based payments charge (note 22)	–	–	–	5,708	–	5,708
Tax on items credited to equity	–	–	–	2,883	–	2,883
Balance at 2 May 2021	**2,993**	**147,122**	**(2,209)**	**106,459**	**(4,048)**	**250,317**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**50,631**	**507**
Adjustments for:			
Depreciation of property, plant and equipment	5	24,042	15,575
Depreciation of right-of-use assets	5	37,856	36,112
Amortisation of intangible assets	5	2,817	2,394
Impairment of right-of-use assets	13	1,620	5,398
Impairment of property, plant and equipment	12	3,409	3,991
Loss/(gain) on lease disposal	13	138	(658)
Loss on disposal of property, plant and equipment	12	391	3,781
Loss on disposal on intangibles	11	327	–
Gain on lease modifications	13	(1,247)	–
Share-based payment charge	22	5,708	3,196
Finance income	8	(166)	(1,280)
Finance costs	7	18,343	48,079
Taxation	9	13,046	980
Decrease/(increase) in inventory		10,270	(35,503)
(Increase)/decrease in debtors		(991)	14,312
Increase in creditors, provisions, government grants and pensions		3,583	5,162
Cash generated from operations		**169,777**	**102,046**
Pension scheme contributions	20	(702)	(705)
Tax paid		(9,567)	(7,466)
Receipt of government grants	17	12,333	1,330
Total net cash generated from operating activities		**171,841**	**95,205**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets:			
Property, plant and equipment additions	12	(24,070)	(22,355)
Intangible asset additions	11	(1,962)	(1,651)
Movement on capital expenditure accrual		3,864	(4,655)
Cash outflow from purchase of non-current assets		(22,168)	(28,661)
Acquisition of subsidiaries net of cash acquired	25	(77)	(31,083)
Settlement of deferred consideration	25	(1,363)	–
Interest received		43	43
Total net cash outflow from investing activities		**(23,565)**	**(59,701)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds raised on Initial Public Offering (IPO)	21	–	155,130
Costs directly attributable to IPO	21	–	(7,290)
Proceeds from term loan	19	22,500	120,000
Repayment of term loan	19	(22,500)	–
Costs directly attributable to raising new term loan	19	(377)	(2,568)
Repayment of capital element of listed bond	19	–	(247,924)
Fees on early repayment of listed bond	19	–	(21,738)
Net (repayment)/ borrowing of short term loans	19	(81,797)	53,923
Payment of capital element of leases (IFRS 16)	13	(44,044)	(24,586)
Payment of interest element of leases (IFRS 16)	13	(12,711)	(11,782)
Interest paid		(4,533)	(11,646)
Net cash (outflow)/ inflow from financing activities		**(143,462)**	**1,519**
Net increase in cash and cash equivalents		**4,814**	**37,023**
Cash and cash equivalents at the beginning of the period		72,927	34,538
Exchange (losses)/gains on cash and cash equivalents		(1,665)	1,366
Cash and cash equivalents at the end of period		**76,076**	**72,927**
Comprised of:			
Cash at bank and in hand	15	66,757	70,850
Cash in transit	15	9,319	2,077
Cash and cash equivalents at end of period		**76,076**	**72,927**

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 online and in stores. The Group has 124 UK based stores and 30 US based stores and operates under the trading brands of Goldsmiths, Mappin & Webb, Watches of Switzerland, Mayors Jewelers and Analog Shift.

BASIS OF PREPARATION

The Consolidated Financial Statements include the financial statements of the Company and its subsidiary undertakings made up to 2 May 2021. A subsidiary is an entity that is controlled by the parent. The financial year represents the 53 weeks to 2 May 2021 (prior financial year 52 weeks to 26 April 2020). 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The Consolidated Financial Statements have been prepared under the historical cost convention except for pension assets which are measured at fair value. The prior period balances have been restated, in line with IFRS 3 "Business combinations", to reflect the finalisation of the provisional fair values as well as the final purchase price of the Group's acquisition of Macrocom (1077) Limited. Further detail is disclosed within note 25.

IMPACT OF COVID-19

The COVID-19 pandemic developed quickly during the first half of the 2020 calendar year, with a significant impact upon many countries, businesses and individuals. In the 53 week period ended 2 May 2021, our UK stores were closed for approximately 26 weeks of the year (FY20: six weeks). In addition to reduced tourism and airport business, stores were impacted by reduced footfall.

The impact of the COVID-19 on the Group's operations is discussed within the Principal Risks and Uncertainties on page 105 of the Annual Report and Accounts. The impact of COVID-19 has been taken into consideration in our significant areas of judgement and estimation. A full review has been completed to consider the ongoing impact of COVID-19 on the financial statements, including the recoverability of store assets.

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 £197,494,000 in available committed facilities, of which £120,000,000 was drawn down. Net debt at this date was £43,924,000 with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £143,455,000. This funding matures in 2023/24.

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

In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 October 2022 from the date of this report. These included:

- The budget approved by the Board in April 2021, which included the following key assumptions:
  - A continued strong luxury watch market in the UK and US
  - Anticipation of some localised disruption due to COVID-19 but assumes no further national-scale lockdowns in either the US or UK during the period
  - Lower levels of tourism in the US and UK and reduced travel impacting our airport stores
  - Sufficient luxury watch supply to support the revenue forecast.

The budget aligns to the Guidance given on page 45. Under this budget, the Group have significant liquidity and comfortably complies with all covenant tests to 31 October 2022.

- Reverse stress-testing of this budget was performed to determine what level of reduced EBITDA and worst case cash outflows would result in a breach of the liquidity or covenant tests. The likelihood of this level of reduced EBITDA is considered remote
- Severe but plausible scenarios of:
  - 10% reduction in sales against the budget due to reduced consumer confidence and lower disposable income
  - A repeat of the FY21 COVID-19 impact on the ability of stores to trade modelled without Government support
- Under these scenarios the £20,000,000 liquidity covenant, the net debt to EBITDA and the FCCR covenants would all be complied with
- Should trading be worse than the outlined severe but plausible scenarios, the Group has the following mitigating actions within management's control:
  - Review of marketing spend
  - Reduction in the level of stock purchases
  - Restructuring of the business with headcount and store operations savings
  - Redundancies and pay freeze
  - Reduce the level of planned capex and acquisition spend

As a result of the above analysis, including potential severe but plausible scenarios, the Board believes that the Group is able to adequately manage its financing and principal risks and that the Group will be able to operate within the level of its facilities and meet the required covenants for the period to October 2022. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the financial statements.

EXCEPTIONAL ITEMS

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

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 EPS. These APMs are set out in the Glossary on page 216 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. 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 Income Statement.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers (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.

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.

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 Monte Carlo or 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 and Deferred Share Bonus Schemes.

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 Consolidated Income Statement over the vesting period.

Taxation
Taxation, comprised of current and deferred tax, is charged or credited to the 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 re-assesses 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 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 less 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.

Amortisation
Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets. 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. Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software.

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	10 to 15 years
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 is not recoverable. A cash-generating unit (CGU) is an individual store 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.

1. ACCOUNTING POLICIES (CONTINUED)

Trade and other receivables

Trade receivables represent outstanding customer balances less an allowance for expected credit losses. 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 Expected Credit Losses (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 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 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 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 expected credit losses (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 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 and Mayors stores, 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. That is 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.

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 5.92%.

1. ACCOUNTING POLICIES (CONTINUED)

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 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.

Short term leases and leases of low-value assets
The Group applies the short term lease recognition exemption to its short term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over 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 is permitted and the Group has elected to apply the amendment in the current period.

The amendment allows for a simplified approach to accounting for rent concessions occurring as a direct result of COVID-19 and for which the following criteria are met:

– The revised consideration is substantially the same, or less than, the consideration prior to the change
– The concessions affects only payments originally due on or before 30 June 2021
– There is no substantive change to other terms and conditions of the lease.

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 has elected not to apply the amendment in the current period and assessed that eligible rent concessions should be treated as lease modifications. As a result, the Group has recognised within lease modifications an adjustment of £187,000 with no impact on the 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 27 April 2020 and were adopted by the Group for the 53 week period ended 2 May 2021. They have not had a significant impact on the Group's profit for the year, equity or disclosures:

– Amendments to References to the Conceptual Framework in IFRS Standards
– Amendments to IFRS 3 "Business combinations"
– Amendments to IAS 1 and IAS 8 – Definition of material
– Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform
– Amendments to IFRS 16 – COVID-19 concessions

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 3 May 2021 onwards, which the Group has not adopted early:

– Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 – Phase 2 of Interest rate benchmark reform
– Amendments to IFRS 16 – COVID-19 concessions, extension of amendment

The adoption of these standards and amendments is not expected to have a material impact on the Group's Consolidated Financial Statements.

The Group is also currently assessing the impact of the following new standards, which has been issued and is awaiting endorsement by the European Union:

– IFRS 17 "Insurance Contracts" (applicable for periods beginning after 1 January 2023)

Other amendments have been issued but are not applicable until after periods beginning 1 January 2022 which the Group has assessed will not have a significant impact upon the 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 store sell-through of slow moving stock would impact the net realisable value by approximately £3,000,000.

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. Store related property, plant and equipment and right-of-use assets are tested for impairment at a store-by-store level, including an allocation of overheads related to store 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 (2020: 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.

Adjusted EBITDA represents profit for the period before finance costs, finance income, taxation, depreciation, amortisation, exceptional items presented in the Group's Income Statement (consisting of exceptional administrative expenses, exceptional cost of sales and exceptional impairment) on a pre-IFRS 16 basis.

	53 week period ended 2 May 2021		
	UK £'000	US £'000	Total £'000
Revenue	606,452	298,625	**905,077**
Net margin	219,751	112,596	**332,347**
Less:			
Store costs	(109,193)	(57,407)	**(166,600)**
Overheads	(43,543)	(12,301)	**(55,844)**
Store opening and closing costs	(3,285)	(1,254)	**(4,539)**
Intra-group management charge	3,983	(3,983)	**–**
Adjusted EBITDA	67,713	37,651	**105,364**
Depreciation, amortisation, impairment and loss on disposal of assets	(20,011)	(7,713)	**(27,724)**
Segment profit*	47,702	29,938	**77,640**
IFRS 16 adjustments			**13,302**
Exceptional gain on trade receivables (note 4)			**233**
Exceptional impairment of assets (note 4)			**(4,245)**
Exceptional administrative costs (note 4)			**(5,076)**
Net other finance costs			**(18,177)**
Profit before taxation for the financial period			**63,677**

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

	52 week period ended 26 April 2020		
	UK £'000	US £'000	Total £'000
Revenue	585,473	225,039	810,512
Net margin	221,328	83,378	304,706
LESS:			
Store costs	(126,373)	(51,821)	(178,194)
Overheads	(34,175)	(10,405)	(44,580)
Store opening and closing costs	(2,185)	(1,635)	(3,820)
Intra-group management charge	3,607	(3,607)	–
Adjusted EBITDA	62,202	15,910	78,112
Depreciation, amortisation, impairment and loss on disposal of assets	(16,186)	(6,041)	(22,227)
Segment profit*	46,016	9,869	55,885
IFRS 16 adjustments			9,952
Exceptional impairment of trade receivables (note 4)			(695)
Exceptional impairment of assets (note 4)			(8,526)
Exceptional administrative costs (note 4)			(8,330)
Exceptional finance costs (note 4)			(28,490)
Net other finance costs			(18,309)
Profit before taxation for the financial period			**1,487**

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

Entity-wide revenue disclosures

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
UK		
Luxury watches	512,177	475,870
Luxury jewellery	43,810	54,130
Other	50,465	55,473
Total	**606,452**	**585,473**
US		
Luxury watches	276,269	203,998
Luxury jewellery	16,946	14,967
Other	5,410	6,074
Total	**298,625**	**225,039**
GROUP		
Luxury watches	788,446	679,868
Luxury jewellery	60,756	69,097
Other	55,875	61,547
Total	**905,077**	**810,512**

"Other" consists of the sale of fashion and classic watches and jewellery, the sale of gifts, servicing, repairs and insurance.

Information regarding geographical areas, including revenue from external customers is disclosed above.

No single customer accounted for more than 10% of revenue in any of the financial periods noted above.

2. SEGMENT REPORTING (CONTINUED)

Entity-wide non-current asset disclosures

	2 May 2021 £'000	26 April 2020 £'000
UK		
Goodwill	121,590	121,590
Intangible assets	4,428	4,696
Property, plant and equipment	62,037	66,536
Right-of-use assets	182,040	162,818
Total	**370,095**	**355,640**
US		
Goodwill	13,850	15,487
Intangible assets	10,768	13,030
Property, plant and equipment	31,645	34,854
Right-of-use assets	71,669	88,824
Total	**127,932**	**152,195**
GROUP		
Goodwill	135,440	137,077
Intangible assets	15,196	17,726
Property, plant and equipment	93,682	101,390
Right-of-use assets	253,709	251,642
Total	**498,027**	**507,835**

3. REVENUE

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

	53 week period ended 2 May 2021		
	Sale of goods £'000	Rendering of services £'000	Total £'000
UK	588,094	18,358	606,452
US	293,589	5,036	298,625
Total	**881,683**	**23,394**	**905,077**

	52 week period ended 26 April 2020		
	Sale of goods £'000	Rendering of services £'000	Total £'000
UK	561,175	24,298	585,473
US	219,676	5,363	225,039
Total	**780,851**	**29,661**	**810,512**

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.

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Exceptional gain on/(impairment of) trade receivables		
Expected credit gains/(losses) (i)	233	(695)
Total exceptional gain on/(impairment of) trade receivables	**233**	**(695)**
Exceptional impairment of assets		
Impairment of property, plant and equipment (note 12) (ii)	(3,188)	(3,764)
Impairment of right-of-use assets (note 13) (ii)	(1,196)	(4,762)
Reversal of impairment of right-of-use assets (note 13) (ii)	139	–
Total exceptional impairment of assets	**(4,245)**	**(8,526)**
Exceptional administrative expenses		
Professional and legal expenses on business combinations (iii)	(193)	(310)
Exceptional items for IPO (iv)		
Share-based payment in respect of the Chief Executive Officer and legacy arrangements (including employment taxes)	(4,883)	(3,314)
Bonus paid to employees on IPO	–	(2,071)
Professional and legal fees	–	(2,635)
Total exceptional administrative costs	**(5,076)**	**(8,330)**
Exceptional finance costs		
Early redemption fees (note 7)	–	(21,738)
Write off capitalised transaction costs on bond redemption (note 7)	–	(6,752)
Total exceptional finance costs	**–**	**(28,490)**
Total exceptional items	**(9,088)**	**(46,041)**
Tax impact of exceptional (gain on)/impairment of trade receivables	(86)	180
Tax impact of exceptional impairment of assets	903	1,829
Tax impact of exceptional administrative costs	934	1,138
Tax impact of exceptional finance costs	–	5,200
Tax impact of exceptional items	**1,751**	**8,347**

(i) Expected credit losses

At the prior year end an exceptional provision of £695,000 was made against in-house credit debtors, linked to the exceptional circumstances impacted by the global COVID-19 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 £233,000 in relation to recourse debtors has been released and has accordingly been reversed through exceptional items to be consistent with where the original charge was recorded.

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 at the time of the transaction resulting in a nil gain or loss through the Consolidated Income Statement.

(ii) Impairment of property, plant and equipment and right-of-use assets

£3,188,000 of the impairment to property, plant and equipment and £1,196,000 of the impairment to right-of use assets have been classified as exceptional expenses due to the materiality and exceptional nature of these impairments. The COVID-19 pandemic and associated lockdowns have significantly impacted the profitability of the Group and future economic outlook of the retail industry. The Government's change to VAT legislation has also had a significant impact upon the profitability of certain stores within the Group's portfolio. The Group reviewed the profitability of its store network, taking into account the potential future impact on consumer demand resulting in the impairments to property, plant and equipment as well as the right-of-use assets. These stores were impaired to their "value-in-use" recoverable amount.

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

(iii) Professional and legal expenses on business combinations

Professional and legal expenses on business combinations completed during the periods, relating to the purchases of Macrocom (1077) Limited and Analog Shift, 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

On 31 May 2019, prior to the IPO, the CEO was granted a one-off share option award by the principal selling shareholder, over a portion of their shareholding, in recognition of his contribution to the Company up to Admission and to ensure ongoing incentivisation and retention in his role following the IPO. This one-off award is contingent on the CEO's continued employment until June 2021. The total charge in relation to this award is being 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.

In the prior period, IPO costs also included a one-off discretionary IPO bonus to employees and legal and professional costs.

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

5. OPERATING PROFIT

Group operating profit for continuing operations is stated after charging the below items:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Depreciation on tangible assets (note 12)	24,042	15,575
Amortisation of intangible assets (note 11)	2,817	2,394
Depreciation of right-of-use assets (note 13)	37,856	36,112
Impairment of property, plant and equipment – exceptional items (note 12)	3,188	3,764
Impairment of property, plant and equipment (note 12)	221	227
Impairment of right-of-use assets – exceptional items (note 13)	1,196	4,762
Impairment of right-of-use assets (note 13)	563	636
Reversal of impairment of right-of-use assets (note 13)	(139)	–
Inventory recognised as an expense	575,802	512,419
Write down of inventories to net realisable value	2,159	2,354
Impairment (gain)/loss on trade receivables	(12)	4,147
FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
Audit of these financial statements	466	370
Audit of the financial statements of subsidiaries of the Company	46	45
Other assurance related services	52	52
	564	**467**

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:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Wages and salaries	83,701	71,828
Social security costs	9,710	6,536
Share-based payments (note 22)	5,708	3,196
Pensions costs – defined contribution schemes (note 20)	1,979	1,779
Pensions costs – defined benefit scheme (note 20)	165	146
Total	**101,263**	**83,485**

Average number of people (including Executive Directors) employed:

	53 week period ended 2 May 2021	52 week period ended 26 April 2020
Retail staff	1,577	1,592
Services staff	77	68
Administrative staff	534	534
Total	**2,188**	**2,194**

Average Full Time Equivalents (FTE) (including Executive Directors) employed:

	53 week period ended 2 May 2021	52 week period ended 26 April 2020
Retail staff	1,403	1,392
Services staff	75	66
Administrative staff	506	505
Total	**1,984**	**1,963**

Further disclosure of the amounts paid to key management is included within note 24.

7. FINANCE COSTS

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
FINANCE COSTS		
Interest payable on long term borrowings	2,792	5,373
Interest payable on short term borrowings	1,134	1,350
Amortisation of capitalised transaction costs	1,112	814
Other interest payable	73	10
Unwinding of discount on deferred consideration	130	190
Interest on lease liabilities (note 13)	12,711	11,782
Net foreign exchange loss on financing activities	336	–
Net interest expense on net defined benefit liabilities (note 20)	55	70
	18,343	**19,589**
EXCEPTIONAL FINANCE COSTS		
Early redemption fees	–	21,738
Write off of capitalised transaction costs on bond redemption	–	6,752
	–	**28,490**
Total finance costs	**18,343**	**48,079**

On 4 June 2019, the Group initially drew down the term loan on a new facility consisting of a term loan for £120,000,000 and a revolving credit facility of £50,000,000. Interest is currently charged at LIBOR plus 1.75% on the term loan and would be charged at LIBOR plus 1.50% on the revolving credit facility if the facility was drawn down. 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 term loan facility expires on 4 June 2024. The term loan facility is unsecured and is cross guaranteed by subsidiary entities.

On 4 June 2019, Jewel UK Bondco PLC repaid the outstanding principal of £247,924,000, accumulated associated interest of £8,229,000 and early redemption premiums of £21,738,000 in relation to the listed bond notes. The early redemption premium was treated as an exceptional expense in the financial period ending 26 April 2020.

On 14 May 2020, the Group entered into a new £45,000,000 financing facility which was provided by the lenders under the Government's CLBILS scheme. This comprised an additional term loan of £22,500,000 with a term of 18 months and a revolving credit facility of £22,500,000 for the same period. During the period, the revolving credit facility was never drawn and has now been cancelled. On 5 March 2021, the CLBILS term loan was repaid in full following a review of the Group's cash position. The repayment irrevocably and unconditionally released the Group from all obligations, guarantees and security created as part of the CLBILS scheme. The Group incurred £377,000 of costs in relation to the raising of this finance which were fully amortised through the Consolidated Income Statement in the 53 week period ended 2 May 2021.

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

8. FINANCE INCOME

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Interest receivable from related undertakings	–	79
Interest income on trade receivables	76	388
Net foreign exchange gain on financing activities	–	617
Other interest receivable	90	196
Total	**166**	**1,280**

9. 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.

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
CURRENT TAX:		
Current UK tax on profits for the period	11,268	1,803
Current overseas tax on profits for the period	941	323
Adjustments in respect of prior periods	685	(1,569)
Total current tax	**12,894**	**557**
DEFERRED TAX:		
Origination and reversal of temporary differences	1,865	(218)
Impact of change in tax rate	–	(828)
Adjustments in respect of prior periods	(1,713)	1,469
Total deferred tax	**152**	**423**
Tax expense reported in the Income Statement	**13,046**	**980**

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:

	53 week period ended 2 May 2021		
	Underlying operations £'000	Exceptional items £'000	Total £'000
Profit before taxation	72,765	(9,088)	63,677
Notional taxation at standard UK corporation tax rate of 19%	13,825	(1,726)	12,099
Non-deductible expenses	1,508	(4)	1,504
Recognition of UK tax losses	(1,227)	–	(1,227)
Overseas tax differentials	1,719	(21)	1,698
Adjustments in respect of prior periods	(1,028)	–	(1,028)
Tax expense reported in the Income Statement	**14,797**	**(1,751)**	**13,046**

	52 week period ended 26 April 2020		
	Underlying operations £'000	Exceptional items £'000	Total £'000
Profit before taxation	47,528	(46,041)	1,487
Notional taxation at standard UK corporation tax rate of 19%	9,030	(8,748)	282
Non-deductible expenses	1,026	651	1,677
Other differences	(491)	167	(324)
Overseas tax differentials	690	(417)	273
Effect of rate change	(828)	–	(828)
Adjustments in respect of prior periods	(100)	–	(100)
Tax expense reported in the Income Statement	**9,327**	**(8,347)**	**980**

The Government announced that the UK rate of corporation tax will increase to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021, subsequent to the period end date. The change will affect the value of the deferred tax balances within the UK tax workings. If the 25% rate was applied to the existing balances, then this would increase the asset by approximately £2,100,000. This change has not been reflected in the workings since it will be accounted for prospectively in line with IAS 10 "Events after the reporting period".

Tax recognised in other comprehensive income

In addition to the amount charged to the Income Statement, tax movements recognised in other comprehensive income were as follows:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
CURRENT TAX:		
Foreign exchange difference on translation of foreign operations	(1,606)	(127)
DEFERRED TAX:		
Pension benefit obligation	(47)	(29)
Tax charge in other comprehensive income	**(1,653)**	**(156)**
Foreign exchange difference on translation of foreign operations	(629)	372
Total movements in other comprehensive income	**(2,282)**	**216**

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 asset is made up of:

	2 May 2021 £'000	26 April 2020 £'000
Accelerated capital allowances	(907)	(5,332)
Interest deductions available in future periods	500	4,252
Pension benefit obligations	488	516
Unused tax losses	5,083	8,419
Deferred tax on leases (IFRS 16)	3,984	3,729
Share-based payments	4,953	427
Other temporary difference	312	253
Total	**14,413**	**12,264**

The deferred tax movement in the period is as follows:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Balance at 27 April 2020	12,264	12,174
Arising on business combinations	–	112
RECOGNISED IN THE INCOME STATEMENT:		
Accelerated capital allowances	5,721	(1,061)
Arising on business combinations	–	15
Pension benefit obligations	(75)	(32)
Unused tax losses	(4,318)	(431)
Interest deductions available in future years	(4,857)	(570)
Deferred tax on leases (IFRS 16)	330	268
Share based payments	2,973	427
Other temporary differences	74	961
RECOGNISED IN OTHER COMPREHENSIVE INCOME:		
Pension benefit obligations	47	29
RECOGNISED DIRECTLY WITHIN EQUITY:		
Share-based payments	2,883	–
Foreign exchange differences	(629)	372
Balance at 2 May 2021	**14,413**	**12,264**

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 £4,236,000 (2020: £10,753,000). 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.

10. EARNINGS PER SHARE (EPS)

	53 week period ended 2 May 2021	52 week period ended 26 April 2020
BASIC		
EPS	21.1p	0.2p
EPS adjusted for exceptional items	24.2p	16.3p
EPS adjusted for exceptional items and pre-IFRS 16	23.8p	16.6p
DILUTED		
EPS	21.1p	0.2p
EPS adjusted for exceptional items	24.2p	16.3p
EPS adjusted for exceptional items and pre-IFRS 16	23.8p	16.6p

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

Diluted EPS is calculated by adjusting the weighted average number of shares used for the calculation of basic EPS as increased by the dilutive effect of potential ordinary shares.

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

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Profit after tax attributable to equity holders of the parent company	50,631	507
ADD BACK:		
Exceptional cost of sales – net of tax	(147)	515
Exceptional impairment of assets – net of tax	3,342	6,697
Exceptional administrative expenses – net of tax	4,142	7,192
Exceptional finance costs – net of tax	–	23,290
Profit adjusted for exceptional items	**57,968**	**38,201**
Pre-exceptional IFRS 16 adjustments, net of tax	(914)	625
Profit adjusted for exceptional items and IFRS 16	**57,054**	**38,826**

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

	53 week period ended 2 May 2021 '000	52 week period ended 26 April 2020 '000
WEIGHTED AVERAGE NUMBER OF SHARES:		
Weighted average number of ordinary shares in issue	239,456	233,773
Weighted average shares for basic EPS	**239,456**	**233,773**
Weighted average dilutive potential shares	160	–
Weighted average shares for diluted EPS	**239,616**	**233,773**

11. INTANGIBLE ASSETS

	2 May 2021				
	Goodwill £'000	Brands £'000	Agency agreement £'000	Computer software £'000	Total £'000
COST					
At 27 April 2020	137,077	11,921	2,785	10,210	161,993
Additions	–	–	–	1,962	1,962
Acquired on business acquisition (note 25)	154	115	–	–	269
Disposals	–	–	–	(3,231)	(3,231)
Foreign exchange differences	(1,791)	(1,381)	(321)	(177)	(3,670)
At 2 May 2021	**135,440**	**10,655**	**2,464**	**8,764**	**157,323**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 27 April 2020	–	2,144	659	4,387	7,190
Charge for the period	–	343	259	2,215	2,817
Disposals	–	–	–	(2,904)	(2,904)
Foreign exchange differences	–	(263)	(89)	(64)	(416)
At 2 May 2021	**–**	**2,224**	**829**	**3,634**	**6,687**
NET BOOK VALUE					
At 2 May 2021	**135,440**	**8,431**	**1,635**	**5,130**	**150,636**
At 26 April 2020	137,077	9,777	2,126	5,823	154,803

	26 April 2020				
	Goodwill £'000	Brands £'000	Agency agreement £'000	Computer software £'000	Total £'000
COST					
At 29 April 2019	109,666	11,310	2,643	8,481	132,100
Additions	–	–	–	1,651	1,651
Acquired on business acquisition (note 25)	26,612	–	–	–	26,612
Foreign exchange differences	799	611	142	78	1,630
At 26 April 2020	**137,077**	**11,921**	**2,785**	**10,210**	**161,993**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 29 April 2019	–	1,697	362	2,589	4,648
Charge for the period	–	343	268	1,783	2,394
Foreign exchange differences	–	104	29	15	148
At 26 April 2020	**–**	**2,144**	**659**	**4,387**	**7,190**
NET BOOK VALUE					
At 26 April 2020	**137,077**	**9,777**	**2,126**	**5,823**	**154,803**
At 28 April 2019	109,666	9,613	2,281	6,169	127,729

11. INTANGIBLE ASSETS (CONTINUED)

Amortisation is recognised wholly within cost of sales.

On 1 September 2020, the Group acquired the trade and assets of Analog Shift LLC from Airship Holdings LLC. The acquisition was made to further enhance the online presence of the Group within the US. Refer to note 25.

In the prior period, the Group acquired Macrocom (1077) Limited, a business consisting of four stores based within the UK, and recognised goodwill of £26,612,000 as part of the transaction (note 25) which has been adjusted to reflect the final balances in line with IFRS 3 "Business combinations". The balance disclosed in the Annual Report and Accounts 2020 was £26,092,000. The Group identified no additional intangible assets on the acquisition of this business.

The Brand category is formed of intangible assets recognised on the business combinations of Mayors Jewelers, acquired in a previous reporting period, and Analog Shift LLC, acquired in this reporting period. As 2 May 2021, the Mayors Jewelers' brand had a remaining useful economic life of 318 (2020: 330) months and the Analog Shift brand had a remaining useful economic life of 53 months.

The Agency agreement category is solely formed of the intangible assets recognised on the business combination in relation to the stores within the Wynn Resort, acquired in December 2017. As at 2 May 2021, the Agency agreements had a remaining useful economic life of 80 (2020: 92) months.

Impairment tests for goodwill

The Group defines a Cash Generating Unit (CGU) as an individual store. As noted within the accounting policies, goodwill is allocated between groups of 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 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 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.

The Group re-branded stores acquired as part of the Macrocom (1077) Limited acquisition as Watches of Switzerland and Mappin & Webb stores. The stores are regionally managed in line with the existing portfolio and supported by the centralised functions of the Group. As such, the value of goodwill acquired was added to the historic Heritage goodwill and the results for the acquired stores grouped with the CGUs which have historically been allocated to the Heritage goodwill.

A summary of the groups of CGUs and allocation of goodwill held by the Group is presented below:

	2 May 2021 £'000	26 April 2020 £'000
Heritage	121,591	121,591
Mayors Jewelers	10,974	12,402
The Wynn Resorts	2,730	3,084
Analog Shift	145	–
Total	**135,440**	**137,077**

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. The long term growth rates are management's expected long term growth rates.

	53 week period ended 2 May 2021			52 week period ended 26 April 2020		
	Heritage	Mayors Jewelers	The Wynn Resorts	Heritage	Mayors Jewelers	The Wynn Resorts
Sales growth (% annual growth rate)	16.0%	11.9%	12.5%	10.6%	7.8%	5.5%
Long term growth rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	10.7%	11.4%	11.4%	7.6%	6.5%	6.5%

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 the significant uncertainty regarding the impact of COVID-19 on the Group's operations and on the global economy, management have considered increased sensitivities as a result of changes to the estimate of future revenues achieved by the stores. 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.

12. PROPERTY, PLANT AND EQUIPMENT

	2 May 2021		
	Land and buildings £'000	Fittings and equipment £'000	Total £'000
COST			
At 27 April 2020	3,918	151,608	155,526
Additions	–	24,070	24,070
Disposals	(628)	(7,692)	(8,320)
Foreign exchange differences	(15)	(5,279)	(5,294)
At 2 May 2021	**3,275**	**162,707**	**165,982**
ACCUMULATED DEPRECIATION			
At 27 April 2020	1,870	52,266	54,136
Charge for the period	374	23,668	24,042
Impairment	8	213	221
Impairment – exceptional items	115	3,073	3,188
Disposals	(595)	(7,334)	(7,929)
Foreign exchange differences	(2)	(1,356)	(1,358)
At 2 May 2021	**1,770**	**70,530**	**72,300**
NET BOOK VALUE			
At 2 May 2021	**1,505**	**92,177**	**93,682**
At 26 April 2020	2,048	99,342	101,390

	26 April 2020		
	Land and buildings £'000	Fittings and equipment £'000	Total £'000
COST			
At 29 April 2019	3,567	141,235	144,802
Additions	613	21,742	22,355
Disposals	(269)	(14,489)	(14,758)
Arising on business combinations (note 25)	–	980	980
Foreign exchange differences	7	2,140	2,147
At 26 April 2020	**3,918**	**151,608**	**155,526**
ACCUMULATED DEPRECIATION			
At 28 April 2019	1,662	41,872	43,534
Impact of IFRS 16	–	1,586	1,586
At 29 April 2019	1,662	43,458	45,120
Charge for the period	327	15,248	15,575
Impairment	–	227	227
Impairment – exceptional items	95	3,669	3,764
Disposals	(214)	(10,763)	(10,977)
Foreign exchange differences	–	427	427
At 26 April 2020	**1,870**	**52,266**	**54,136**
NET BOOK VALUE			
At 26 April 2020	**2,048**	**99,342**	**101,390**
At 28 April 2019	1,905	99,363	101,268

Expenditure on assets in the course of construction at 2 May 2021 was £12,937,000 relating to new store developments (2020: £6,023,000). The cost of assets which continue to be used that have a nil net book value total £7,011,000 (2020: £3,737,000).

Impairment of property, plant and equipment and right-of-use assets
For impairment testing purposes, the Group has determined that each store is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 range from 10.7% to 11.4%. 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, range from 9.1% to 9.5%.

During the period, the Group has recognised an impairment charge of £3,409,000 (2020: £3,991,000) relating to property, plant and equipment and £1,620,000 (2020: £5,398,000) relating to right-of-use assets as a result of store impairment testing. £3,188,000 of the impairment to property, plant and equipment and £1,196,000 of the impairment to right-of use assets has been classified as exceptional expenses due to the materiality and exceptional nature of these impairments. The COVID-19 pandemic and associated lockdowns have significantly impacted the profitability of the Group and future economic outlook of the retail industry. The Government's change to VAT legislation has also had a significant impact upon the profitability of certain stores within the Group's portfolio. The Group reviewed the profitability of its store network, taking into account the potential future impact on consumer demand resulting in the impairments to property, plant and equipment as well as the right-of-use assets. These stores were impaired to their "value-in-use" recoverable amount.

For UK stores, cash flows beyond the three-year period are extrapolated using the Group's current view of achievable long term growth of 2.0% and the rate used to discount the forecast pre-tax cash flows for UK stores is 10.7%. For US stores, cash flows beyond the three-year period are extrapolated using the Group's current view of achievable long term growth of 2.0% and the rate used to discount the forecast pre-tax cash flows for US stores is 11.4%.

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 store portfolio.

Sales growth rates are in line with the growth rate in the guidance issued. 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 £1,092,000. A 2.0% increase in the discount rate would increase the impairment charge by £297,000. 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 £1,512,000. Reasonably possible changes of the other assumptions would have no further significant impact on the impairment charge.

13. 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 stores and offices which are generally leased for between five and 20 years with some office buildings leased for longer. Other leases are mainly motor vehicles which are in general taken out 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 store 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 £'000	Other £'000	Total £'000
At 27 April 2020	250,773	869	251,642
Additions	37,538	106	37,644
Disposals	(10)	(162)	(172)
Depreciation	(37,543)	(313)	(37,856)
Lease renewed during the period	11,339	–	11,339
Rent reviews	4,723	–	4,723
Lease breaks	(3,004)	–	(3,004)
Lease modifications	907	–	907
Impairment	(563)	–	(563)
Impairment – exceptional items	(1,196)	–	(1,196)
Reversal of impairment – exceptional items	139	–	139
Foreign exchange differences	(9,884)	(10)	(9,894)
At 2 May 2021	**253,219**	**490**	**253,709**

Right-of-use assets

	Properties £'000	Other £'000	Total £'000
As at date of initial application – 29 April 2019	244,247	742	244,989
Additions	8,041	419	8,460
Leases acquired on business combination (note 25)	14,218	–	14,218
Leases renewed during the period	23,870	–	23,870
Disposals	(2,648)	(14)	(2,662)
Depreciation	(35,828)	(284)	(36,112)
Lease modifications	(219)	–	(219)
Impairment	(636)	–	(636)
Impairment – exceptional items	(4,762)	–	(4,762)
Foreign exchange differences	4,490	6	4,496
At 26 April 2020	**250,773**	**869**	**251,642**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liabilities

	Properties £'000	Other £'000	Total £'000
At 27 April 2020	(307,259)	(699)	(307,958)
Additions	(36,936)	(106)	(37,042)
Disposals	34	–	34
Interest	(12,684)	(27)	(12,711)
Lease renewed during the period	(10,924)	–	(10,924)
Rent reviews	(4,723)	–	(4,723)
Lease breaks	4,059	–	4,059
Lease modifications	(715)	–	(715)
Payments	56,439	316	56,755
Foreign exchange differences	11,849	10	11,859
At 2 May 2021	**(300,860)**	**(506)**	**(301,366)**

Lease liabilities

	Properties £'000	Other £'000	Total £'000
As at date of initial application - 29 April 2019	(283,970)	(568)	(284,538)
Additions	(8,041)	(419)	(8,460)
Leases acquired on business combination (note 25)	(14,034)	–	(14,034)
Leases renewed during the period	(23,870)	–	(23,870)
Disposals	3,306	14	3,320
Interest	(11,756)	(26)	(11,782)
Lease modifications	219	–	219
Payments	36,062	306	36,368
Foreign exchange differences	(5,175)	(6)	(5,181)
At 26 April 2020	**(307,259)**	**(699)**	**(307,958)**

13. LEASES (CONTINUED)

The following are the amounts recognised in Consolidated Income Statement:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Depreciation expense of right-of-use assets	37,856	36,112
Interest expense on lease liabilities	12,711	11,782
Loss/(gain) on lease disposal	138	(658)
Net impairment of right-of-use assets	1,620	5,398
Lease modifications	(1,247)	–
Expense relating to short term leases (included within cost of sales)	108	1,305
Variable lease payments (included within cost of sales)	2,607	4,148
Total amount recognised in the Consolidated Income Statement	**53,793**	**58,087**

Rental expense for contracts not in the scope of IFRS 16 totalled £3,654,000 (2020: £15,605,000). 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 53 week period ended 2 May 2021 are £58,185,000 (2020: £40,097,000). This relates to payments of £44,044,000 (2020: £24,586,000) of lease principal, £12,711,000 (2020: £11,782,000) of lease interest, £1,204,000 (2020: £2,782,000) of variable lease payments and £226,000 (2020: £947,000) 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:

	2 May 2021 £'000	26 April 2020 £'000
Within 1 year	49,314	60,063
Between 1 and 2 years	50,073	47,096
Between 2 and 3 years	44,930	45,185
Between 3 and 4 years	43,304	40,315
Between 4 and 5 years	37,649	38,884
Total for the periods thereafter	137,260	145,731
Total	**362,530**	**377,274**

As at 2 May 2021, 12 (2020: nine) leases have cash flows that exceed ten years. The value of undiscounted cash flows greater than ten years totals £17,720,000 (2020: £18,001,000).

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 £4,285,000 (2020: £1,031,000).

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 42.6% 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 £35,107,000 (2020: £33,893,000) 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 £1,620,000 (2020: £5,398,000) in the 53 week period ended 2 May 2021 in relation to right-of-use assets. Refer to note 12 for further disclosure relating to impairment of non-current assets including right-of-use assets.

14. TRADE AND OTHER RECEIVABLES

	2 May 2021		26 April 2020	
	Current £'000	Non-current £'000	Current £'000	Non-current £'000
Trade receivables	3,668	606	8,644	1,977
Other receivables	3,207	–	1,993	–
Allowance for expected credit losses	(193)	–	(3,863)	(652)
	6,682	**606**	**6,774**	**1,325**
Prepayments	3,064	–	1,396	–
Total	**9,746**	**606**	**8,170**	**1,325**

Included within trade receivables are amounts receivable from third parties which provide credit arrangements with our customers. Prepayments relate mainly to 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:

	2 May 2021 £'000	26 April 2020 £'000
Balance at 27 April 2020	4,515	3,336
Increase in allowance – cost of sales	221	3,452
(Decrease)/increase in allowance – exceptional items (note 4)	(233)	695
Receivables written off during the period as uncollectable	(2,307)	(3,148)
Released due to the sale of trade receivables	(1,691)	–
Foreign exchange differences	(312)	180
Balance at 2 May 2021	**193**	**4,515**

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 £233,000 in relation to recourse debtors has been released and has accordingly been reversed through exceptional items.

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 at the time of the transaction resulting in a £nil gain or loss through the Consolidated Income Statement.

15. CASH AND CASH EQUIVALENTS

	2 May 2021 £'000	26 April 2020 £'000
Cash at bank and in hand	66,757	70,850
Cash in transit	9,319	2,077
Cash and cash equivalents	**76,076**	**72,927**

Included in cash and cash equivalents is restricted cash of £9,915,000 (2020: £6,391,000). Restricted cash is defined as cash controlled by the Group but which is not freely useable by the Group in day to day operations. £9,193,000 (2020: £4,891,000) 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 2 May 2021, the Group has $1,000,000 held in escrow, whereby the cash is restricted, relating to a potential future business combination. In the prior period £1,500,000 of the restricted cash was held with a third party on retention, subject to the finalisation of the working capital adjustment as set out in the sale and purchase agreement for Macrocom (1077) Limited (refer to note 25).

16. TRADE AND OTHER PAYABLES

	2 May 2021		26 April 2020	
	Current £'000	Non-current £'000	Current £'000	Non-current £'000
Trade payables	72,864	–	78,413	–
Other taxation and social security	7,419	–	5,604	–
Accruals and deferred income	69,321	2,153	52,434	2,636
Property lease incentives	–	–	16	–
Total	**149,604**	**2,153**	**136,467**	**2,636**

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 current and prior periods, government grants have been received to support certain administrative expenses during the COVID-19 pandemic. All attached conditions were complied with before recognition in the Consolidated Income Statement.

The grants are two schemes that operate differently from one another. One scheme operates on claims basis, where cash is received after the expense has been incurred (UK furlough scheme), and the other on an up-front basis, where cash is 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):

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Balance at 27 April 2020	2,575	–
Released to Income Statement	6,832	2,575
Cash received during the period	(9,407)	–
Balance at 2 May 2021	**–**	**2,575**

During the 53 week period to 2 May 2021, the Group made a voluntary decision to repay all UK furlough scheme support relating to the period. The £6,832,000 support received in the period will be repaid after the period end and is disclosed within accruals and deferred income within these accounts. The net impact on the income statement in the current year is £nil (2020: Income £2,575,000).

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

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Balance at 27 April 2020	(1,186)	–
Cash received during the period	(2,926)	(1,330)
Released to Income Statement	4,056	144
Foreign exchange movements	56	–
Balance at 2 May 2021	**–**	**(1,186)**

18. PROVISIONS

	2 May 2021		26 April 2020	
	Current £'000	Non-current £'000	Current £'000	Non-current £'000
Dilapidations	800	2,460	764	1,212
	800	**2,460**	**764**	**1,212**

Movement of dilapidations provision

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Balance at 27 April 2020	1,976	1,317
Charged to Income Statement	1,662	985
Utilised	(354)	(326)
Foreign exchange differences	(24)	–
Balance at 2 May 2021	**3,260**	**1,976**

The dilapidations provision comprises obligations governing store 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

	2 May 2021 £'000	26 April 2020 £'000
CURRENT		
Short term borrowings	–	82,649
	–	82,649
NON-CURRENT		
Term loan	120,000	120,000
Associated capitalised transaction costs	(2,115)	(2,928)
	117,885	117,072
Total borrowings	**117,885**	**199,721**

Short term borrowings are supported by cross guarantees from various subsidiaries. In addition the ABL facility is secured by a pledge against inventory.

On 4 June 2019, the Group initially drew down the term loan on a new facility consisting of a term loan for £120,000,000 and a revolving credit facility of £50,000,000. Interest is currently charged at LIBOR plus 1.75% on the term loan and would be charged at LIBOR plus 1.50% on the revolving credit facility if the facility was drawn down. 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 term loan facility expires on 4 June 2024. The term loan facility is unsecured and is cross guaranteed by subsidiary entities.

On 14 May 2020, the Group entered into a new £45,000,000 financing facility which was provided by the lenders under the Government's CLBILS scheme. This comprised an additional term loan of £22,500,000 with a term of 18 months and a revolving credit facility of £22,500,000 for the same period. During the period, the revolving credit facility was never drawn and has now been cancelled. On 5 March 2021, the CLBILS term loan was repaid in full following a review of the Group's cash position. The repayment irrevocably and unconditionally released the Company from all obligations, guarantees and security created as part of the CLBILS scheme. The Group incurred £377,000 of costs in relation to the raising of this finance which were fully amortised through the Consolidated Income Statement in the 53 week period ended 2 May 2021.

Short term borrowings consist of the remaining revolving credit facility noted above and an asset backed lending (ABL) facility held in US Dollars of $60,000,000. The ABL facility expires in April 2023 and interest would be charged at US LIBOR plus the margin which ranges from 1.25% to 1.75%. Amounts outstanding on the revolving credit facility totalled £nil (2020: £50,000,000) and amounts outstanding on the ABL facility totalled £nil (2020: £32,649,000) - $nil (2020: $40,000,000).

Amounts undrawn on the facilities totalled £77,494,000 (2020: £16,325,000). Borrowing on the US ABL facility is restricted to the lower of $60,000,000 and the borrowing base which is determined by reference to the assets held by the US entities.

Analysis of net debt

	26 April 2020 £'000	Cash flow £'000	Non-cash changes[1] £'000	Foreign exchange £'000	2 May 2021 £'000
Cash and cash equivalents	72,927	4,814	–	(1,665)	76,076
Short term borrowings	(82,649)	81,797	–	852	–
Term loan	(120,000)	–	–	–	(120,000)
Net debt excluding capitalised transaction costs (Pre-IFRS 16)	**(129,722)**	**86,611**	**–**	**(813)**	**(43,924)**
Capitalised transaction costs	2,928	377	(1,112)	(78)	2,115
Net debt (Pre-IFRS 16)	**(126,794)**	**86,988**	**(1,112)**	**(891)**	**(41,809)**
Lease liability	(307,958)	56,755	(62,022)	11,859	(301,366)
Total net debt	**(434,752)**	**143,743**	**(63,134)**	**10,968**	**(343,175)**

1 Non-cash changes include interest charges as well as additions and revisions to lease liabilities.

Cash and cash equivalents consists of cash at bank and in hand of £66,757,000 (2020: £70,850,000) and cash in transit of £9,319,000 (2020: £2,077,000).

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 £20,000,000 for the period of June 2020 to September 2021. The Directors sought the replacement of covenants to provide further flexibility to deal with any unexpected circumstances during that period. The £20,000,000 minimum headroom covenant was satisfied for each month end from June 2020 to June 2021. The original waived covenant tests of net debt to EBITDA and the FCCR were also comfortably satisfied at October 2020 and April 2021.

20. POST-EMPLOYMENT BENEFIT OBLIGATIONS

During the period to 2 May 2021, the Group operated two (2020: two) defined contribution pension schemes and one (2020: one) defined benefit scheme.

Defined contribution schemes

The Group operates two separate 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. During the period to 2 May 2021, the pension charge for the period represents contributions payable by the Group to these schemes and amounted to £1,979,000 (2020: £1,779,000). 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 £680,000 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 £680,000 in the 52 week period ended 1 May 2022. 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 or
- 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 and remains open for one existing employee. The latest full actuarial valuation was carried out at 5 April 2020 and was updated for IAS 19 "Employee benefits" purposes to 2 May 2021 by a qualified independent actuary.

Income Statement

The components of the net defined benefit expense recognised in the Consolidated Income Statement are as follows:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Current service cost	(23)	(23)
Administrative expenses	(142)	(123)
Charge within labour costs and operating profit	**(165)**	**(146)**
Interest expense	(55)	(70)
Defined benefit charge to the Consolidated Income Statement	**(220)**	**(216)**
Defined contribution schemes	(1,979)	(1,779)
Total charge to the Consolidated Income Statement	**(2,199)**	**(1,995)**

Other comprehensive income

The components of the net defined benefit expense recognised in other comprehensive income are as follows:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Actuarial losses due to liability experience	(352)	–
Actuarial (losses)/gains due to liability financial assumption changes	(2,370)	632
Actuarial (losses)/gains due to liability demographic assumption changes	(50)	750
	(2,772)	1,382
Return/(loss) on scheme assets greater than discount rate	2,524	(1,534)
Actuarial losses recognised in other comprehensive income	**(248)**	**(152)**

Balance sheet valuation

The net defined benefit pension liability recognised in the Consolidated Balance Sheet is analysed as follows:

	2 May 2021 £'000	26 April 2020 £'000
Diversified growth funds	18,154	15,270
Cash	(124)	16
Fair value of scheme assets	18,030	15,286
Present value of benefit obligations	(20,600)	(18,000)
Net pension liability	**(2,570)**	**(2,714)**

Scheme obligations

Changes in the present value of defined benefit pension obligations are analysed as follows:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Defined benefit obligation at 27 April 2020	(18,000)	(19,400)
Current service cost	(23)	(23)
Past service costs and curtailments	(90)	–
Interest cost	(398)	(488)
Contributions by scheme participants	(3)	(3)
Actuarial (losses)/gains on defined benefit obligation	(2,772)	1,382
Benefits paid	686	532
Defined benefit obligation at 2 May 2021	**(20,600)**	**(18,000)**

Scheme assets

Changes in the fair value of scheme assets were as follows:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Scheme assets at 27 April 2020	15,286	16,349
Expected return on scheme assets	343	418
Actuarial gains/(losses) on pension scheme assets	2,524	(1,534)
Employer contributions	702	705
Contributions by scheme participants	3	3
Benefits paid	(686)	(532)
Administrative expenses	(142)	(123)
Scheme assets at 2 May 2021	**18,030**	**15,286**

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 2 May 2021 using the projected unit credit method. The principal actuarial assumptions used in the valuation were as follows:

	2 May 2021	26 April 2020
Discount rate	2.00%	2.25%
Rate of increase in salary	4.30%	3.85%
Rate of future inflation - RPI	3.30%	2.60%
Rate of future inflation - CPI	2.70%	2.00%
Rate of increase in pensions in payment	3.25%	2.60%
Proportion of employees opting for a cash commutation	100.0%	100.0%

	2 May 2021		26 April 2020	
	Pensioner aged 65	Non-pensioner aged 45	Pensioner aged 65	Non-pensioner aged 45
Life expectancy at age 65 (years):				
Male	21	23	21	20
Female	23	25	23	23

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 (2020: 0.2% per annum).

The rate of consumer price inflation (CPI) is set at 0.6% lower (2020: 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 2019 (2020: CMI 2018) series with a long term trend towards 1.0% (2020: 1.0%) per annum.

Sensitivity analysis

The impact on the defined benefit obligation to changes in the financial and demographic assumptions is shown below:

	2 May 2021 £'000	26 April 2020 £'000
0.25% increase in discount rate	720	776
0.25% decrease in discount rate	(720)	(776)
0.25% increase in salary growth rate	(18)	(19)
0.25% decrease in salary growth rate	18	19
0.25% increase in pension growth rate	(486)	(524)
0.25% decrease in pension growth rate	486	524
1 year increase in life expectancy	(540)	(582)
1 year decrease in life expectancy	540	582

21. EQUITY

In the prior period, on 24 May 2019, the Company acquired the entire shareholding of Jewel UK Midco Limited and its related subsidiaries by a way of a share for share exchange with Jewel Holdco S.à r.l., becoming the Group's immediate parent company. The insertion of the Company on top of the existing Jewel UK Midco Limited group does not constitute a business combination under IFRS 3 "Business combinations" and instead has been accounted for as a group reorganisation. Merger accounting was used to account for the insertion of the company. The effect was an increase in share capital, to reflect the underlying capital structure of the Company, with the offset posted to a newly created merger reserve. The reorganisation was undertaken as part of the IPO with the company being both created and inserted as part of the process. As at 24 May 2019, the Group financial statements were adjusted to include the assets and liabilities as well as reflecting the capital structure of the Company.

On 28 May 2019, the Company waived its right to an amount of £11,501,000 receivable from a related entity, Jewel UK Topco Limited. The waiver has been considered to be a distribution in law and as such has been accounted for directly in 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 £0.0125p recognising additional share capital of £718,000 and share premium of £154,412,000.

Incremental expenses of £7,290,000 which are directly attributable to the primary issue of shares have been offset against the share premium recognised in line with IAS 32 "Financial instruments: presentation".

There have been no changes to the underlying capital structure in the 53 week period ended 2 May 2021.

The movement on share capital is reflected as follows:

	Nominal value £	Share capital Shares	Share capital £'000	Share premium £'000	Merger reserve £'000
As at 28 April 2019 per Annual Report and Accounts (Jewel UK Midco Limited)	**0.0010**	**66,308,371**	**66**	**–**	**–**
GROUP REORGANISATION					
Remove Jewel UK Midco Limited (Nominal value £0.001)	0.0010	(66,308,371)	(66)	–	66
Insert Watches of Switzerland Group PLC (Nominal value £0.0125)	0.0125	182,000,000	2,275	–	(2,275)
INITIAL PUBLIC OFFERING					
Raising of shares on IPO	0.0125	57,455,554	718	154,412	–
Directly attributable costs	–	–	–	(7,290)	–
Balance as at 26 April 2020 and 2 May 2021	**0.0125**	**239,455,554**	**2,993**	**147,122**	**(2,209)**

Share premium account
This reserve represents the amount of proceeds received for shares in excess of their nominal value of 1.25 pence 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 (£).

22. SHARE-BASED PAYMENTS

During the period to 2 May 2021, the Group operated four (2020: four) separate share-based payment schemes categorised as one pre-IPO scheme and three post-IPO schemes. Due to the IPO during the prior period, the pre-IPO scheme crystallised with the IPO being an "exit event". The amounts recognised in the Consolidated Income Statement in relation to these schemes were as follows:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
CEO – Exceptional expenses	3,028	2,702
LTIP – Administrative expenses	2,401	175
DBP – Administrative expenses	279	–
Pre-IPO – Exceptional expenses	–	319
	5,708	**3,196**

Post-IPO schemes
The Group has granted a number of different equity-based awards to employees which it has determined to be share-based payments:

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 with no exercise price and a non-market vesting condition of the IPO. The share options are able to be exercised at any point during a three-year period from the date of grant. The CEO must remain employed for a period of two years unless his employment ends for an excluded reason. There are no cash settlement alternatives. These options will be settled by Jewel Holdco S.à r.l. out of their shareholding in the Company.

Details of the share options outstanding are as follows:

	2 May 2021	26 April 2020
Outstanding at 27 April 2020	2,222,222	–
Granted	–	2,222,222
Outstanding at 2 May 2021	**2,222,222**	**2,222,222**

Exercisable price	£nil
Number of shares with options at 2 May 2021	2,222,222
Average fair value at grant	£2.70

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:

	2 May 2021	26 April 2020
Outstanding at 27 April 2020	187,190	–
Change in performance	748,761	–
Granted	858,174	197,149
Forfeited	–	(9,959)
Outstanding at 2 May 2021	**1,794,125**	**187,190**

Exercisable price	£nil
Exercisable at 2 May 2021	nil
Average fair value at grant	£2.94

The Group has reassessed the expected performance impacting the options granted in the prior period. This has resulted in an increase in the number of options outstanding by 748,760 to a total of 935,951, being the maximum number of options which can be granted on this scheme.

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. During the prior period, the performance conditions on the bonus were not met and as such, no options were awarded.

Details of the share options outstanding are as follows:

	2 May 2021	26 April 2020
Outstanding at 27 April 2020	–	–
Granted	160,039	–
Outstanding at 2 May 2021	**160,039**	**–**

Exercisable price	£nil
Exercisable at 2 May 2021	nil
Average fair value at grant	£2.66

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 closing share price on 2 May 2021.

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 shares granted during the year:

	LTIP		DBP		IPO
	2 May 2021	26 April 2020	2 May 2021	26 April 2020	26 April 2020
Share price (£)	£3.20	£2.90	£2.66	£2.90	£2.70
Exercise price (£)	Nil	Nil	Nil	Nil	Nil
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (%)	0.57%	0.78%	0.57%	0.78%	0.78%
Expected life of share option	3 years	3 years	4 years	4 years	2 years

For future valuations, at a date when sufficient Watches of Switzerland Group PLC share price data becomes available, the Group intends to estimate share price volatility directly from this data.

The total amount charged to the Income Statement in relation to these schemes for the 53 week period ended 2 May 2021 is £5,708,000 (2020: £2,877,000). £2,680,000 (2020: £175,000) has been charged to Administrative expenses and £3,028,000 (2020: £2,702,000) 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.

Prior period pre-IPO schemes

Prior to the IPO, the Group had share-based payment schemes in place for certain members of the Group management team. These schemes remained in place until the date of the IPO which was deemed to be an exit event. The Group recognised a charge of £319,000 in the 52 week period ended 26 April 2020 relating to these pre-IPO schemes, recognised within exceptional items as they relate to IPO costs (refer to note 4). The remaining charge for the period relates to the new schemes previously described.

Members of the Group management team were granted shares in Jewel Holdco S.à r.l., a related group entity outside of the Group, at various dates in the period since 18 March 2013.

Management were awarded "Strips" of shares consisting of B Ordinary shares, Preference shares and Preferred Equity Certificates (PECs) in the ratio 1:49:50. Management were also awarded C, D, E, F and G Ordinary shares.

Share details

– Strips – this category of shares vested entirely on an exit event. For leavers before the first anniversary of their commencement date, it was deemed that 0% had vested. For leavers before the second anniversary but after the first, it was deemed that 25% had vested. For leavers before the third anniversary but after the second, it was deemed that 50% had vested. For leavers after the third anniversary but before the fourth, it was deemed that 75% had vested. For leavers after the fourth anniversary of their commencement date, it was deemed that 100% had vested
– C Ordinary Shares - this category of shares vested entirely on an exit event (i.e. the IPO). For a leaver before the first anniversary of their commencement date, it was deemed that 0% had vested. For a leaver after the first anniversary but before the fourth anniversary, the vested proportion of the shares was equal to the proportion of completed calendar months post the first anniversary to 36 months. For a leaver after the fourth anniversary but before exit, the vested proportion was equal to 75%. As noted in the assumptions below, the assumed number of years until an exit was five
– D, E and G Ordinary Shares - these categories of shares vested entirely on an exit event. If management left before an exit event then the shares were returned for the value of the subscription price with no proportion being deemed to be vested
– F Ordinary Shares - this category of shares vested entirely on an exit event. If management left before an exit event, the shares were returned for the value of the subscription price with no proportion being deemed to be vested

Additionally, members of the management team were provided with options in the equity of Jewel Holdco S.à r.l. which operated as follows:

– Option 1 entitled the holder to receive 3,750 Strips at an exercise price of £100 per Strip upon an exit event. The options vested over a four-year period from the grant date, being 20 May 2013, at which point the vested proportion became 100%
– Option 2 entitled Jewel Holdco S.à r.l. to buy the holder's C Ordinary Shares at the lower of the subscription price and value attributable to these shares, subject to certain conditions. This restriction had the effect of reducing the share-based payment charge

It was the expectation at the grant of all shares and options that an exit event was likely within five years (see assumptions below), and that the majority of the management team would stay until exit. No leaver assumptions were built into the annual share-based payment charge. The charge was recognised in the Consolidated Income Statement within the line item Administrative expenses before exceptional items.

A number of management have left since the issue of shares. Shares were administered in line with the conditions set out above and the share-based charge in the accounts reflects any changes required.

The table below shows the movement on the shareholdings of management for the financial period:

Number of shares	Strip	C	D	E	F	G
Outstanding as of 28 April 2019	48,227	162,497	1,084	16	11,530,000	500
Vested	(48,227)	(162,497)	(1,084)	(16)	(11,530,000)	(500)
Outstanding as of 26 April 2020	**–**	**–**	**–**	**–**	**–**	**–**

22. SHARE-BASED PAYMENTS (CONTINUED)

Proceeds distributable to the management shares and options were based on a "waterfall" which operated broadly as follows:

– If there were sufficient reserves, the Preference shares and PECs entitled the holder to a cumulative annual dividend of 12%. The dividend rolled up on a cumulative basis
– Following senior debt, the PECs ranked in priority to all other debt and equity on an exit. The return to the PECs equalled the subscription price plus any compound interest less amounts repaid to the PEC holders
– The Preference shares rank behind the PECS but in priority to the Ordinary shares on an exit. Before any return was paid to the Ordinary shares, the Preference shares were to be paid their subscription price plus any compound dividends
– The F shares ranked behind the Preference shares but in priority to all other classes of share on an exit event. The return to the F shares equalled the subscription price
– Once the returns of the PECs, Preference shares and F shares had been paid, the holders of the A, A1 (together, the "investors"), B and C shares received the balance of the equity proceeds up to and equal to 2.0x the aggregate investment by the investors. The proceeds were split in proportion to the number of shares held
– The holders of the D, E and G shares received, in proportion to their number of shares, between £1 million and £2 million calculated on a straight-line basis with reference to the amount that the investor return was greater than 2.0x but less than 3.0x
– The return to the D, E and G shares increased in £1 million increments as the investor return increased above hurdle thresholds. The mechanism worked on a straight-line basis, as discussed above, capped at the next hurdle threshold
– The allocation to the A, A1, B and C shares was governed by a ratchet mechanism which in simple terms meant that if the equity proceeds received by the investor were less than 3.5x the aggregate investment in Jewel Holdco S.à r.l. by the investors, the proceeds were split amongst the holders of the A, B and C shares after the returns of the PECs and Preference shares had been paid. If the equity proceeds received by the investors exceeded 3.5x the aggregate investment in Jewel Holdco S.à r.l. by the investors, the C shares were entitled to an additional percentage of the exit proceeds in the form of hurdle payments over and above their pari passu share
– To the extent that the C Ordinary shares received a return in excess of 250x the subscription price, then 1% of the proceeds that would otherwise have gone to the C shares instead went to the F shares up to a cap of 5% internal rate of return (IRR) on the F shares subscription price

The total share-based management charge was valued using the Monte Carlo model and the resulting share-based payments charge is being spread over the period between the grant date and the vesting date.

Key assumptions used in valuing the share-based management charge were:

Expected exit for each issue	5 years
Expected volatility	30%
Dividend yield	Nil %
Risk-free interest rate	1.50%

Expected volatility is a measure of the amount by which the enterprise value is expected to fluctuate during the period to exit.

On 30 May 2019, Watches of Switzerland Group PLC (formerly Watches of Switzerland Group Limited) was re-registered as a public limited company under the Companies Act 2006. On 4 June 2019, Watches of Switzerland Group PLC (formerly Watches of Switzerland Group Limited) was admitted for listing on the London Stock Exchange. This was considered an exit event for the purposes of this scheme.

23. FINANCIAL INSTRUMENTS

Categories

	2 May 2021 £'000	26 April 2020 £'000
Financial assets – held at amortised cost		
Trade and other receivables*	7,288	8,099
Cash and cash equivalents	76,076	72,927
Total financial assets	**83,364**	**81,026**
Financial liabilities – held at amortised cost		
Interest-bearing loans and borrowings:		
Term loans (net of capitalised transaction costs)	(117,885)	(117,072)
Revolving credit facility	–	(82,649)
Trade and other payables**	(127,132)	(117,638)
	(245,017)	**(317,359)**
Lease liability (IFRS 16)	(301,366)	(307,958)
Total financial liabilities	**(546,383)**	**(625,317)**

* Excludes prepayments of £3,064,000 (2020: £1,396,000) that do not meet the definition of a financial instrument.

** Trade payables excludes property lease incentives of £nil (2020: £16,000), customer deposits of £12,208,000 (2020: £17,306,000) and deferred income of £12,417,000 (2020: £4,143,000) that do not meet the definition of a financial instrument.

Fair values

At 2 May 2021, 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 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.

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:

	2 May 2021			
	Less than one year £'000	Between one and five years £'000	Greater than five years £'000	Total £'000
Term loan	2,691	127,179	–	129,870
Trade and other payables	124,979	2,153	–	127,132
Lease liability (IFRS 16)	49,314	175,956	137,260	362,530
Total	**176,984**	**305,288**	**137,260**	**619,532**

	26 April 2020			
	Less than one year £'000	Between one and five years £'000	Greater than five years £'000	Total £'000
Term loan	3,176	131,117	–	134,293
Revolving credit facility	82,649	–	–	82,649
Trade and other payables	115,002	2,636	–	117,638
Lease liability (IFRS 16)	60,063	171,480	145,731	377,274
Total	**260,890**	**305,233**	**145,731**	**711,854**

As at 2 May 2021, 12 (2020: nine) leases have cash flows that exceed ten years. The value of undiscounted cash flows greater than ten years totals £17,720,000 (2020: £18,001,000).

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 and

– 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:

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Interest rate increase of 0.5%	(600)	(1,013)
Interest rate decrease of 0.5%	63	949

23. FINANCIAL INSTRUMENTS (CONTINUED)

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:

	2 May 2021 £'000	26 April 2020 £'000
Not past due	3,113	6,451
Less than one month past due	971	1,053
One to two months past due	37	135
More than two months past due	153	2,982
Total	**4,274**	**10,621**

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:

	2 May 2021			
	Sterling £'000	US Dollar £'000	Other £'000	Total £'000
Financial assets				
Trade and other receivables	4,919	2,369	–	7,288
Cash and cash equivalents	33,598	42,191	287	76,076
Total financial assets	**38,517**	**44,560**	**287**	**83,364**
Financial liabilities				
Term loan	(117,885)	–	–	(117,885)
Trade and other payables	(84,640)	(41,772)	(720)	(127,132)
Lease liability	(213,386)	(87,980)	–	(301,366)
Total financial liabilities	**(415,911)**	**(129,752)**	**(720)**	**(546,383)**

	26 April 2020			
	Sterling £'000	US Dollar £'000	Other £'000	Total £'000
Financial assets				
Trade and other receivables	4,201	3,805	93	8,099
Cash and cash equivalents	44,618	28,284	25	72,927
Total financial assets	**48,819**	**32,089**	**118**	**81,026**
Financial liabilities				
Term loan	(117,072)	–	–	(117,072)
Revolving credit facility	(50,000)	(32,649)	–	(82,649)
Trade and other payables	(89,062)	(28,329)	(247)	(117,638)
Lease liability	(202,662)	(105,296)	–	(307,958)
Total financial liabilities	**(458,796)**	**(166,274)**	**(247)**	**(625,317)**

Note that the balances in US Dollar include those held in our US segment. These balances are revalued at each period end with the offsetting gain or loss going through other comprehensive income.

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 53 week period ended 2 May 2021 £'000	Effect on profit after tax 52 week period ended 26 April 2020 £'000
US Dollar	(5%)	(833)	(244)
US Dollar	5%	921	270

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 store 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 2 May 2021 amounted to £6,542,000 (2020: £3,734,000).

Compensation typically include 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.

	53 week period ended 2 May 2021 £'000	52 week period ended 26 April 2020 £'000
Short term employment benefits	1,926	910
Pension	11	13
Share-based payments	4,605	2,811
Total	**6,542**	**3,734**

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.

On 28 May 2019, the Company waived its right to an amount of £11,501,000 receivable from a related entity, Jewel UK Topco Limited. The waiver has been considered to be a distribution in law and as such has been accounted for directly in equity. As at 2 May 2021 and 26 April 2020, there are no amounts owed by Jewel UK Topco Limited to the Group.

The Group has traded products and provided services to Watch Shop Holdings Limited and The Watch Lab Holdings Limited, entities with the same significant investor, in the 53 week period ended 2 May 2021 totalling a net charge of £2,000 (2020: credit of £1,436,000) . The Group has an outstanding balance with these entities of £nil (2020: £5,000).

In the 53 week period to 2 May 2021, the Group incurred management charges from the former owner of the Group, Jewel Holdco S.à r.l. totalling £nil (2020: £165,000) relating to fees for the pre-IPO period. There were no amounts outstanding as at either period end.

25. BUSINESS COMBINATIONS

Analog Shift LLC

On 1 September 2020, the Group acquired the trade and assets of Analog Shift LLC from Airship Holdings LLC. The business contributed revenue of £747,000 from the date of acquisition to 2 May 2021 and contributed a net loss of £388,000 during this reporting period.

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 revenue and profit before tax, if this business combination occurred on the first day of the period, would not be material to the results of the Group.

Macrocom (1077) Limited

On 3 March 2020 of the prior year, the Group acquired 100% of the share capital of Macrocom (1077) Limited, a company which owned four stores previously trading under the brand name Fraser Hart in Stratford, Brent Cross, Kingston and York.

As at 26 April 2020, £1,500,000 was held with a third party on retention subject to the finalisation of the working capital adjustment as set out in the sale and purchase agreement and was disclosed as restricted cash within note 15.

During the 53 week period ended 2 May 2021, the total consideration was finalised, resulting in the Group paying £1,363,000 of the £1,500,000 held on retention. Finalisation of the acquisition values resulted in an increase of goodwill to £26,612,000 from £26,092,000 disclosed within the Annual Report and Accounts 2020. The prior period balances have been restated to reflect the finalisation of this business combination in line with IFRS 3 "Business combinations" resulting in a decrease to inventory by £52,000 and a decrease to trade and other receivables by £58,000.

The following table summarises the final consideration paid for Macrocom (1077) Limited and the fair value of assets and liabilities acquired:

Consideration	£'000
Initial cash consideration	31,083
Deferred cash consideration - settled	1,363
Total consideration (100% holding)	**32,446**

	Final assessment of fair values on acquisition £'000
Inventories	4,507
Property, plant and equipment	980
Trade and other receivables	51
Right-of-use assets	14,218
Lease liabilities	(14,034)
Deferred tax	112
Total identifiable net assets	**5,834**
Goodwill	26,612
Total assets acquired	**32,446**

Acquisition-related costs of £193,000 (2020: £310,000) have been charged to exceptional items in the Consolidated Income Statement for the 53 week period ended 2 May 2021 (refer to note 4).

On 4 March 2021, Watches of Switzerland (Nevada) LLC entered into an agreement to purchase substantially all of the assets of a luxury watch showroom.

Subject to a number of conditions being met, the acquisition is expected to complete in October 2021 for a consideration of £4,300,000 plus the cost of inventory.

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.

Following the pre-IPO carve out of The Watch Lab Holdings Limited and The Watch Shop Holdings Limited, certain leases continue to be guaranteed by the Group. The maximum liability that could crystallise under these obligations is £1,045,000 (2020: £1,661,000).

27. POST-BALANCE SHEET EVENTS

The Government announced that the UK rate of corporation tax will increase to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021, subsequent to the period end date. The change will affect the value of the deferred tax balances within the UK tax workings. If the 25% rate was applied to the existing balances, then this would increase the asset by approximately £2,100,000. This change has not been reflected in the workings since it will be accounted for prospectively in line with IAS 10 "Events after the reporting period".

COMPANY BALANCE SHEET

	Note	2 May 2021 £'000	26 April 2020 £'000
FIXED ASSETS			
Investments	C2	471,924	471,924
CURRENT ASSETS			
Debtors: amounts falling due within one year	C3	282	390
Cash at bank and in hand		351	–
		633	**390**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	C4	(2,729)	(4,689)
Net current liabilities		**(2,096)**	**(4,299)**
Net assets		**469,828**	**467,625**
EQUITY			
Share capital	C6	2,993	2,993
Share premium	C6	147,122	147,122
Retained earnings		319,713	317,510
Total equity		**469,828**	**467,625**

The Company's loss after tax was £477,000 (2020: £431,000) which relates solely to recharged management costs from subsidiary entities.

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf by:

L A ROMBERG
CHIEF FINANCIAL OFFICER
Date: 7 July 2021

The notes on pages 212 to 215 form part of these Financial Statements.

Company number: 11838443

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity attributable to owners £'000
Balance at 28 April 2019	**–**	**–**	**–**	**–**
Share issue	331,542	–	–	331,542
Nominal value reduction	(328,227)	–	328,227	–
Share cancellation	(1,040)	–	1,040	–
Distribution in law	–	–	(11,501)	(11,501)
Share issue on IPO	718	154,412	–	155,130
Costs directly attributable to primary issue	–	(7,290)	–	(7,290)
Loss for the financial period	–	–	(431)	(431)
Share-based payments	–	–	175	175
Balance at 26 April 2020	**2,993**	**147,122**	**317,510**	**467,625**
Loss for the financial period	–	–	(477)	(477)
Share-based payments	–	–	2,680	2,680
Balance at 2 May 2021	**2,993**	**147,122**	**319,713**	**469,828**

The transactions above have been further described within note C6 and C7.

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.

Accounting policies

The accounting policies set out in the notes below have been applied in preparing the financial statements for the 53 week period ended 2 May 2021 and the comparative information presented in these financial statements for the 52 week period ended 26 April 2020.

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 and

– 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 Management) 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 Monte Carlo or 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.

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 Consolidated Income Statement over the vesting period.

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.

Auditor's remuneration

The remuneration paid to the 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 2 May 2021:

Entity	Principal activity	Country of incorporation	Registered office	Type of share held by the Group	Proportion of ordinary shares held by the 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	Intermediate holding company	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	Retail jewellers	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	Dormant	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%
Watch Shop 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%
The Watch Lab Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Watches of Switzerland Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary & Redeemable preference	100%
Macrocom (1077) Limited	Non-trading	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	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 (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%
Mayor's Jewelers, Inc	Retailer	USA	108 West 13th Street, Wilmington, County of New Castle, Delaware DE 19801	Ordinary	100%
Mayor's Jewelers of Florida, Inc	Retailer	USA	1200 South Pine Island Road, Plantation, Florida 33324	Ordinary	100%

* Investment in Jewel UK Midco is directly held. All other investments are indirectly held.

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.

On 24 May 2019, the Company acquired the entire shareholding of Jewel UK Midco Limited and its related subsidiaries by a way of a share for share exchange with Jewel Holdco S.à r.l. becoming the Group's immediate parent company.

On 4 June 2019, the Company waived its right to an intercompany receivable from Jewel UK Midco Limited for £140,382,000 which has been treated as a capital contribution and as such an increase in the investment in Jewel UK Midco Limited.

C2. FIXED ASSET INVESTMENTS (CONTINUED)

Investment in subsidiaries at the period end was as follows:

	2 May 2021 £'000	26 April 2020 £'000
Cost		
At start of period	471,924	–
Acquisition of Jewel UK Midco Group	–	331,542
Capital contribution	–	140,382
At end of period	**471,924**	**471,924**

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

	2 May 2021 £'000	26 April 2020 £'000
Amounts owed by Group undertakings	282	366
Deferred tax asset	–	24
	282	**390**

C4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2 May 2021 £'000	26 April 2020 £'000
Amounts owed to Group undertakings	2,729	4,661
Other creditors	–	28
	2,729	**4,689**

Amounts owed to Group undertakings are unsecured and repayable on demand.

C5. FINANCIAL INSTRUMENTS

	2 May 2021 £'000	26 April 2020 £'000
FINANCIAL ASSETS – HELD AT AMORTISED COST		
Amounts owed by Group undertakings	282	366
Cash at bank and in hand	351	–
	633	**366**
FINANCIAL LIABILITIES – HELD AT AMORTISED COST		
Amounts owed to Group undertakings	2,729	4,661
Other creditors	–	28
	2,729	**4,689**

C6. EQUITY

The movement on share capital is reflected as follows:

	Nominal value £	Share capital Shares	Share capital £'000	Share premium £'000
As at 28 April 2019 Per Annual Report and Accounts	**1.000**	**1**	**–**	**–**
GROUP REORGANISATION				
Issue to Jewel Holdco S.à r.l.[1]	1.000	4	–	–
	1.000	5	–	–
S618 CA06 share consolidation[2]	4.000	(4)	–	–
	5.000	1	–	–
Issue of shares to Jewel Holdco S.à r.l. for investment in Jewel UK Midco Limited[3]	5.000	66,308,370	331,542	–
	5.000	66,308,371	331,542	–
Reduction of nominal value[4]	(4.950)	–	(328,227)	
	0.050	66,308,371	3,315	–
Cancellation of shares held by Jewel Holdco S.à r.l.[5]	0.050	(20,808,371)	(1,040)	–
	0.050	45,500,000	2,275	–
Subdivision of shares[6]	(0.0375)	136,500,000	–	–
	0.0125	182,000,000	2,275	–
INITIAL PUBLIC OFFERING				
Issue of shares on IPO[7]	0.0125	57,455,554	718	154,412
Directly attributable costs[8]	–	–	–	(7,290)
Balance at 26 April 2020 and 2 May 2021	**0.0125**	**239,455,554**	**2,993**	**147,122**

1 On 23 May 2019, the Company issued a further 4 ordinary shares to Jewel Holdco S.à r.l. for cash consideration

2 On 23 May 2019, it was agreed that the 5 ordinary shares of £1.00 each in the issued share capital of the Company be consolidated into 1 ordinary share of £5.00

3 On 24 May 2019, the Company acquired the entire shareholding of Jewel UK Midco Limited and its related subsidiaries by a way of a share for share exchange with Jewel Holdco S.à r.l., becoming the Group's immediate parent company. The reorganisation was undertaken as part of the IPO with the company being both created and inserted as part of the process

4 On 24 May 2019, it was agreed that the nominal value of the ordinary share capital be reduced from £5.00 to £0.05 with the amount which the share capital is so reduced to be credited to the Company's retained earnings

5 On 29 May 2019, it was agreed that the share capital of the Company be reduced from £3,315,000 to £2,275,000 by cancelling 20,808,371 of the existing ordinary shares of £0.05 each held by Jewel Holdco S.à r.l.

6 On 30 May 2019 the Company subdivided the issued share capital by a factor of 4 which reduced the nominal value of each share to £0.0125 and increased the number of shares by 136,500,000 to a total of 182,000,000 ordinary shares. The Company was also re-registered as a public limited company under the Companies Act 2006

7 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 £0.0125p recognising additional share capital of £718,000 and share premium of £154,412,000

8 Incremental expenses of £7,290,000 which are directly attributable to the primary issue of shares have been offset against the share premium recognised in line with IAS 32 "Financial instruments: presentation"

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.

Transactions with entities under common control

Refer to note 24 in the Consolidated Financial Statements for transactions with the Company's former parent company, Jewel Holdco S.à r.l. There have been no other related party transactions with this entity.

On 17 May 2019, the Company entered into a loan transfer relating to a loan between Jewel UK Bidco Limited (a subsidiary of the Company) and Jewel UK Topco Limited. The principal amount owed to Jewel UK Bidco Limited by Jewel UK Topco Limited, of £11,012,000 and associated interest of £408,000, was transferred to the Company.

On 4 June 2019, the Company waived its right to the amounts owed by Jewel UK Topco Limited by way of a formal deed of release and recognised this as a distribution in law totalling £11,501,000.

C8. SHARE-BASED PAYMENTS

Details of the Company's share-based payments are disclosed within note 22 in the Consolidated Financial Statements.

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. The Group is assessing whether to continue with APMs on a pre-IFRS 16 basis. However, these APMs will continue to be presented on a pre-IFRS 16 basis during FY22.

4-Wall EBITDA

Net margin less store costs.

Why used

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

Reconciliation to IFRS measures

£ million	FY21	FY20
Revenue	905.1	810.5
Cost of inventory expensed	(575.8)	(510.6)
Other	3.0	4.8
Net margin	**332.3**	**304.7**
Store costs	(166.6)	(178.2)
4-Wall EBITDA	**165.7**	**126.5**

Store costs includes rental costs on a pre-IFRS 16 basis (i.e. under IAS 17).

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 and IFRS 16 impact.

Why used

Measure of profitability that excludes one-off exceptional 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 in note 10 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	FY21	FY20
Segment profit (as reconciled in note 2 of the financial statements)	77.6	55.9
Net finance costs (notes 7 & 8)	(18.2)	(46.8)
Exceptional finance costs (note 7)	–	28.5
IFRS 16 lease interest (note 7)	12.7	11.8
Adjusted profit before tax	**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

	(£/$ million)
FY21 Group revenue (£)	905.1
FY21 US revenue ($)	397.3
FY21 US revenue (£) @ FY21 exchange rate	298.6
FY21 US revenue (£) @ FY20 exchange rate	311.7
FY21 Group revenue (£) @ constant currency	**918.2**
FY21 exchange rate	£1 :$1.331
FY20 exchange rate	£1 :$1.274

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. Excludes the impact of IFRS 16.

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	FY21	FY20
Net increase in cash and cash equivalents	4.8	37.0
Net financing cash flows	143.4	(1.5)
Interest paid	(4.5)	(11.6)
Lease payments (IFRS 16)	(56.8)	(36.4)
Acquisition of business combinations	1.4	31.1
Exceptional items*	0.2	5.0
Expansionary capex	21.2	27.2
Free cash flow	**109.7**	**50.8**

* Included within exceptional items is the cash impacting exceptional items of £193,000 of professional and legal expenses on business combinations (as per note 4). In FY20, this includes £310,000 professional and legal expenses on business combinations, £2,071,000 bonus paid to employees on IPO and £2,635,000 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 £109.7 million divided by Adjusted EBITDA of £105.4 million shown as a percentage.

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

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

Reconciliation to IFRS measures
Refer to 4-Wall EBITDA.

Return on Capital Employed (ROCE)
Return on Capital Employed (ROCE) is defined as Adjusted EBIT divided by average capital employed. Average capital employed is total assets less current liabilities on a pre-IFRS 16 basis.

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

Reconciliation to IFRS measures
Adjusted EBIT of £77.6 million divided by the average capital employed, which is calculated as follows:

£ million	FY21	FY20
Pre-IFRS 16 total assets	576.6	595.7
Pre-IFRS 16 current liabilities	(156.6)	(229.3)
Capital employed	420.0	366.4
Average capital employed	**393.2**	

OTHER DEFINITIONS

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

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

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

Non-core stores
These stores were identified as not core to the ongoing strategy of the business at the time of the IPO and will be closed at the end of their lease term.

Store 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.

FY21 Income Statement

£ million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Revenue	**905.1**	**–**	**905.1**
Operating profit	**69.0**	**12.9**	**81.9**
Net finance costs	(5.6)	(12.6)	(18.2)
Profit before tax	**63.4**	**0.3**	**63.7**
Tax	(13.4)	0.3	(13.1)
Profit after tax	**50.0**	**0.6**	**50.6**
Basic EPS	**20.9p**	**0.2p**	**21.1p**

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**

FY20 Income Statement

£ million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Revenue	**810.5**	**–**	**810.5**
Operating profit	**34.2**	**14.1**	**48.3**
Net finance costs	(35.0)	(11.8)	(46.8)
Profit before tax	**(0.8)**	**2.3**	**1.5**
Tax	(1.2)	0.2	(1.0)
Profit after tax	**(2.0)**	**2.5**	**0.5**
Basic EPS	**(0.9)p**	**1.1p**	**0.2p**

FY20 Balance Sheet

£ million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	155.0	(0.2)	154.8
Property, plant and equipment	99.8	1.6	101.4
IFRS 16 right-of-use assets	–	251.6	251.6
Inventories	243.4	–	243.4
Trade and other receivables	11.6	(0.7)	10.9
Trade and other payables	(164.6)	25.5	(139.1)
IFRS 16 lease liabilities	–	(308.0)	(308.0)
Net debt	(129.7)	–	(129.7)
Other	1.9	12.3	14.2
Net assets	**217.4**	**(17.9)**	**199.5**

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

ADVISERS
Independent Auditor
Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Corporate solicitors
Slaughter and May, One Bunhill Row, London, EC1Y 8YY

Gateley Legal, One Eleven Edmund Street, Birmingham B3 2HJ

Registrars
Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA

Joint brokers
Barclays Bank plc, 5 The North Colonnade, Canary Wharf, London, E14 4BB
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 FY22 Trading Update:	10 August 2021
AGM:	2 September 2021
H1 FY22 Results:	9 December 2021
Q3 FY22 Trading Update:	10 February 2022
Financial year end:	1 May 2022

ANNUAL GENERAL MEETING
The AGM will be held at 2pm on Thursday 2 September 2021 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 2030. The overseas shareholder helpline number is +44 (0)121 415 7047. 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 the Company undertakes no obligation to update these forward looking statements. Nothing in this Annual Report should be construed as a profit forecast. Certain regulatory performance data contained in this Annual Report 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.

ONLINE ANNUAL REPORT
Our Annual Report is available online. View or download the full Annual Report and Accounts from: thewosgroupplc.com/investors/results-centre

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Please be very wary of any unsolicited contact about your investments or offers of free company reports. It may be from an overseas 'broker' who could sell you worthless or high risk shares. If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. Further information and a list of unauthorised firms that have targeted UK investors is available from the Financial Conduct Authority at: fca.org.uk

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WATCHES OF SWITZERLAND GROUP PLC

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