THE WATCHES OF SWITZERLAND GROUP

A BUSINESS BUILT ON DELIVERING EXCELLENCE

ANNUAL REPORT AND ACCOUNTS 2023

CONTENTS

A YEAR OF STRONG PERFORMANCE AS WE ENTER FY24 SIGNIFICANTLY AHEAD OF THE LONG RANGE PLAN

FY23 was another record year of revenue and profitability for the Group with luxury watch demand remaining strong and continuing to exceed supply.

We continue to execute on our strategy and Long Range Plan, with ongoing market share gains in both the UK and US. We made significant investment in our showrooms during the year, opening 21 new showrooms including five at Battersea Power Station, and the continued refurbishment of existing sites.

We are delighted to have launched our entry into the European market with the opening of six mono-brand boutiques.

Our proven business model, international scale, impactful marketing and dedication to client service underpin our confidence in continued growth within a large, underdeveloped and growing market.

OUR PURPOSE

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

OUR VALUES

WE EARN TRUST & CONFIDENCE

WE TREAT EVERYONE WITH RESPECT

WE DO THE RIGHT THING, ALWAYS

WE CARE FOR OUR COMMUNITIES

WE PROTECT OUR PLANET

WE ADVOCATE FOR OUR INDUSTRY

AT A GLANCE

ABOUT US

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

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

OUR SHOWROOMS

WATCHES OF SWITZERLAND

Mappin & Webb

GOLDSMITHS

MAYORS

BETTERIDGE

MONO-BRAND BOUTIQUES

UK ONLINE

US ONLINE

TRAVEL RETAIL

WELL-INVESTED SHOWROOM NETWORK

146
SHOWROOMS IN THE UK AND EUROPE AT 30 APRIL 2023

47
SHOWROOMS IN THE US AT 30 APRIL 2023

193
TOTAL SHOWROOMS AT 30 APRIL 2023

2,800+
NUMBER OF COLLEAGUES AT 30 APRIL 2023

FINANCIAL HIGHLIGHTS

REVENUE

£1,543m

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

+19%

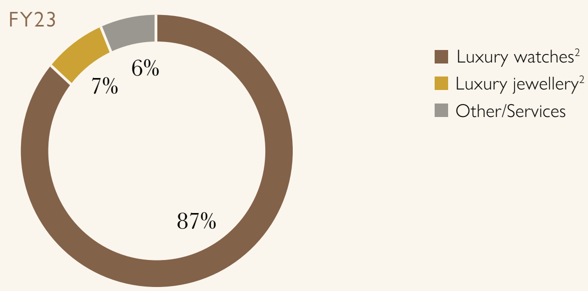
RETURN ON CAPITAL EMPLOYED[1]

27.9%

CHANGE VS LY:

+50bps

SALES BY CATEGORY



ADJUSTED EBIT[1]

£165m

CHANGE VS LY:

+27%

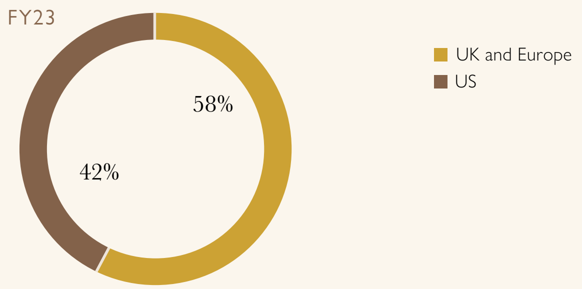
OPERATING PROFIT

£179m

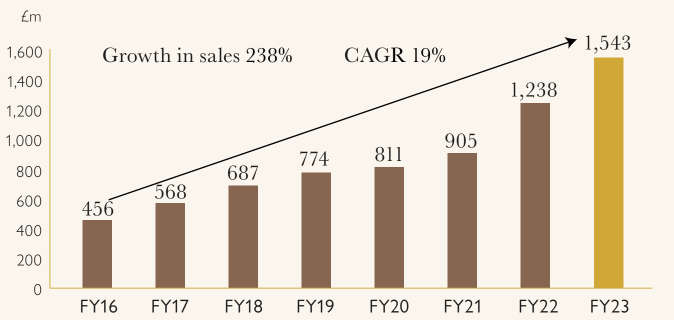
CHANGE VS LY:

+26%

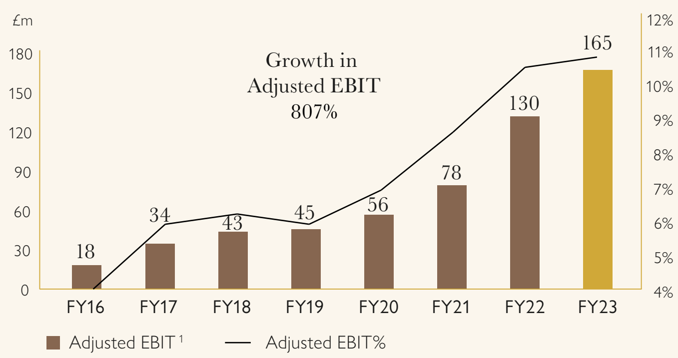
SALES BY REGION



SIGNIFICANT INCREASE IN SALES



INCREASE IN PROFITABILITY AND LEVERAGE



1 This is an Alternative Performance Measure. Refer to the Glossary on pages 230 to 232 for definition and reconciliation to statutory measures where relevant.
2 Please refer to the Glossary on pages 230 to 232 for a definition.

OUR BRAND PARTNERSHIPS

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

KEY REASONS TO INVEST

1 Proven track record of delivering a strong, consistent financial performance with robust sales, sustained profitable growth, elevated returns on capital employed and strong cash generation.

2 Long-standing, collaborative partnerships with the most prestigious and recognised luxury watch and jewellery brands.

3 Multi-channel specialist operating in markets with high barriers to entry, luxury watch demand, proven value creation and supply-driven dynamics.

4 National coverage in the UK, a significant growing presence in the US and continued opportunities for European expansion.

5

Well-invested showrooms providing an exceptional client experience through welcoming and expert service and luxurious, contemporary, spacious browsable environments.

6

Impactful marketing focused on digital communications, Client Relationship Management (CRM), client experience events and co-operative activity with brand partners.

7

Fully integrated SAP-based IT systems supporting all showrooms and websites in the UK, US and Europe.

8

Investing in a more sustainable future through strategic ESG pillars: People, Planet and Product.

1 STRATEGIC REPORT

CONTENTS

This has been another excellent year for the Group despite a more challenging macroeconomic environment in the second half of FY23. Our team's performance is testament to continued investment in leading showroom design, international scale, strength of brand relationships and dedication to client service through our Xenia Client Experience Programme.

We continue to pursue our growth strategy through a combination of targeted capital investment into showrooms, selective acquisitions and driving underlying operational leverage. FY23 represented another year of successful strategic progress on all of these fronts.

During the financial year we opened 27 showrooms across the UK, US and Europe with highlights including five new showrooms at the newly restored Battersea Power Station in London. We entered new markets of Stockholm, Copenhagen and Dublin and, early into FY24, we opened our new Watches of Switzerland showroom in American Dream, New Jersey anchored by Rolex and Cartier. In June last year we acquired a new Watches of Switzerland showroom located in New Jersey and anchored by Rolex. We welcome all of our new colleagues into the Watches of Switzerland Group.

We are known for our best-in-class client experience and our continual pursuit of further elevating the luxury experience for our clients. This year we focused on embedding Xenia, our elevated Client Experience Programme, across our broader organisation. Based on the excellent feedback we have received to date from clients, the programme continues to impress.

SUSTAINABILITY

In last year's report, we introduced our Sustainability Strategy, which is supported by three pillars across People, Planet and Product. In FY23, we continued to evolve this strategy in line with best practice and stakeholder expectations and I am delighted with the progress we are making to deliver our goals, mitigate against risk and measure our performance.

Embedding Our Purpose: To WOW our clients while caring for our colleagues, our communities and our planet was a key priority for FY23, and I am glad to report we have made excellent progress, with 85% of our colleagues agreeing our purpose and values are important to them.

More details of our progress on our ESG Strategy can be found on pages 55 to 111.

GOVERNANCE

We continue to make advances in relation to diversity and inclusion both in the boardroom and throughout the organisation. I am pleased to report that the Group meets the recommendations of the FTSE Women Leaders Review, ahead of the encouraged compliance deadline of end of 2025, as well as meeting the Parker Review recommendations early.

During the year, I was pleased to meet with some of our largest institutional shareholders, alongside our Director of Investor Relations and Corporate Affairs, to hear their views and discuss our governance approach and sustainability efforts. I look forward to continued engagement in the coming year.

As reported last financial year, we welcomed Chabi Nouri, as a Non-Executive Director, from 1 May 2022. During the year Chabi was appointed to the Audit & Risk Committee, alongside her previous appointment as a member of the ESG Committee. Chabi brings significant luxury watch and jewellery experience to the Board. I would also like to welcome back Anders Romberg, who was reappointed as CFO with effect from 12 May 2023, after Bill Floydd stood down from the Board, due to challenges with his travel commitments. We would like to thank Bill for his valuable contribution to the Group and wish him well for the future.

LOOKING AHEAD

We enter FY24 in a position of strength, significantly ahead of where we expected to be in our Long Range Plan after two years of exceptional performance. We have an exciting pipeline of showroom projects as we continue to invest in the business and build on our market-leading position in both the UK and US alongside our ongoing expansion into Europe. I am confident that through our proven and distinctive business model we are well positioned to continue to deliver sustained growth.

I want to personally thank Brian, our executive team and colleagues throughout the organisation for their hard work and dedication, as well as my fellow Board members for their active role in supporting the work of the team.

I would also like to take this opportunity to thank you, our shareholders, for your continued support.

IAN CARTER
CHAIR


ROLEX
OMEGA

“

“Our record performance is testament to our unique combination of longstanding luxury brand partnerships, dedicated colleagues focused on delivering exceptional client service, and our well-invested network of showrooms, which are supported by leading multi-channel capabilities. Luxury watch demand remains strong and continues to outpace supply, with our client registration lists extending and average selling prices growing.”

BRIAN DUFFY
CEO

FY23 was another record year for revenue and profitability, with Group revenue growth of 25% at reported rates against the prior year (+19% at constant currency) and continued Adjusted EBIT[1] margin expansion. Although, as expected, the second half of FY23 saw a more challenging trading environment, luxury watch demand remained strong and continues to exceed supply. We generated strong cash flow, a record level of Return on Capital Employed[1] (ROCE) of 27.9% (FY22: 27.4%) and closing net cash[1] of £16 million as at 30 April 2023 (1 May 2022: net debt[1] £14 million). We have over 2,800 colleagues at the Watches of Switzerland Group and I would like to thank all our colleagues for their continued hard work and dedication, which is key to our success.

The US business delivered exceptional growth, +52% at reported rates against the prior year (+35% at constant currency), generating sales of £653 million, and now represents 42% of Group revenue. We continued to expand our US network, opening six mono-brand boutiques, one new showroom acquisition, anchored by Rolex, in New Jersey and expanded our presence in Mayors Boca Raton, Florida. We are building our team and resources, in what is now the number one market globally for luxury Swiss watches, and remain confident in the long-term growth potential of the US market.

In the UK and Europe, revenue increased 10% vs FY22, driven by domestic clientele with encouraging ongoing improvement in our airport business. We made significant investment in our showrooms during the year, opening 15 new showrooms including five in Battersea Power Station, a standout project. We have continued with the rollout of our Goldsmiths Luxury concept with the reopening of nine showrooms including our flagship in Meadowhall, Sheffield which now features a large, dedicated Rolex room and Cartier ‘Espace’.

We are delighted to have launched our entry into the European market with the opening of five mono-brand boutiques in Stockholm and Copenhagen and in the final quarter of the year we opened our first mono-brand boutique in Dublin. Following the year end we opened our first mono-brand boutique in Berlin, Germany and another in the Mall of Scandinavia, Stockholm, both in partnership with TAG Heuer. Our new showrooms in Stockholm and Copenhagen are performing in line with our expectations. Our teams in these new cities are full of enthusiasm and doing a fantastic job. Consumers in these markets are responding well to our elevated showroom experience and client service.

Luxury watches sales grew 28% year on year (representing 87% of Group revenue) driven by a combination of increased average selling price as well as volume. Luxury jewellery sales increased a more modest 10% in the year reflecting a tougher macroeconomic backdrop and focus on full price sales. Growth was driven by average selling prices as we continued to merchandise to higher price points and reduce discounting in the US.

Turning to full year profitability, we generated an FY23 Adjusted EBIT[1] of £165 million and operating profit of £179 million. FY23 saw another year of margin expansion, with Adjusted EBIT[1] margin increasing 20bps, as we continued to leverage our fixed cost base, despite headwinds from product mix and Interest Free Credit.

Having closed out FY23, I would like to reflect on where we stand against the Long Range Plan we presented to the market back in the summer of 2021. Following two years of exceptional performance sales are significantly ahead of plan, by over £200 million (excluding the benefits of favourable movements in foreign exchange, which makes the differential even greater). We are delighted with our progress, our momentum and our prospects for future profitable investment and growth.

I am writing this on my return from the Watch & Jewellery Initiative 2030 CEO Forum in Paris, where as industry leaders, we acknowledged the critical importance of us coming together to create a fully sustainable watch and jewellery industry that is resilient to climate change, preserves natural resources and fosters inclusivity. I'm delighted with the progress we are making across these areas, including the verification of our science-based emission reduction targets, development of new ESG Partner Standards, our continuing focus on protecting human rights, and most recently achieving an MSCI ESG Rating of AAA. We look forward to further advocating the aims of the initiative in FY24.

I am proud of the strong culture at the Watches of Switzerland Group, which is based on our Purpose to 'WOW our clients while caring for our colleagues, our communities and our planet'. Our Company values of respect, together with trust and confidence, underpin our approach to talent and equal opportunity. We continue to elevate our offer to colleagues to ensure that we attract and grow a loyal, diverse team of highly trained and engaged colleagues who are well rewarded for their expertise and committed to developing their careers with our Group. Social mobility is an important part of our DNA across the Group and we have continued to sharpen our focus on this in FY23. I am pleased to support the investment in the development of our colleagues and to providing development opportunities for all.

Caring for our communities has always been a priority for us and it is humbling to see the tremendous positive impact made possible by The Watches of Switzerland Group Foundation, the aim of which is to provide essential support to charities located in the communities within which we operate, focusing on poverty, the advancement of education and relief to those in need in both the UK and the US. The Foundation is managed by a Board of Trustees who bring a unique mix of experience, expertise, drive and talent. In a year in which the external pressures have impacted significantly on society and in particular young people, I am proud that the Foundation has helped over 20,000 people affected by poverty and we are pleased to support the following charities: The Prince's Trust, Local Food Banks, Fuel Bank Foundation, Crisis, Habitat for Humanity, Feeding South Florida, Las Vegas Food Bank and 3 Square and NYC Food Bank.

Looking forward, our FY24 guidance issued on 17 May 2023 projects full year sales of between £1.65 and £1.70 billion, reflecting underlying sales growth of 8 to 11% at constant currency with Adjusted EBIT[1] margins in line with FY23. FY24 guidance anticipates that the more challenging trading environment of the second half of FY23 will continue into the first half of FY24.

We have an exciting pipeline of new showroom projects planned as we continue to invest in the Group. These include our Old Bond Street Rolex flagship boutique due to open Summer of 2024, AP House in the City of Manchester, via a Joint Venture partnership with Audemars Piguet due to open Autumn of 2024, and we most recently opened our flagship Watches of Switzerland showroom in American Dream, New Jersey.

Finally, I would like to thank Bill Floydd for his valuable contribution to the Group during his time here as CFO and wish him well for the future. I am delighted that Anders Romberg has re-joined the business as CFO in May 2023. Anders has a strong track record of financial leadership and thorough knowledge of our Group, as well as the specialist luxury watch and jewellery categories, and I look forward to working with him again.

BRIAN DUFFY
CEO

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

WHAT DIFFERENTIATES THE LUXURY WATCH CATEGORY

A UNIQUE MARKET

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

SUPPORTS A MORE CIRCULAR ECONOMY

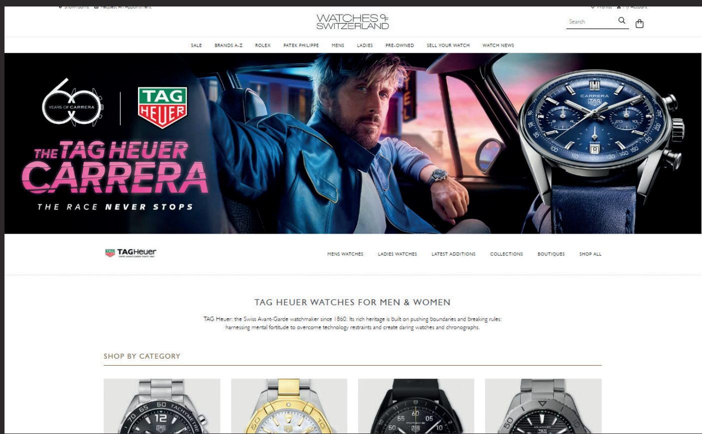
High quality mechanical luxury watches can be passed down for generations, traded in or resold. Most can be repaired indefinitely and many of the materials they contain are recyclable

DEMAND EXCEEDS SUPPLY FOR KEY BRANDS

The overall market demand for Swiss watches exceeds production levels and supply. Clients required to 'register interest' for key products

SWISS CONCENTRATION

Limited threat from technology or geography



LITTLE THREAT OF DIGITAL PUREPLAY DEVELOPMENT

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

STRONG VALUE RETENTION

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

HIGH BARRIERS TO ENTRY

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

Brands actively manage distribution through Selective Distribution Agreements

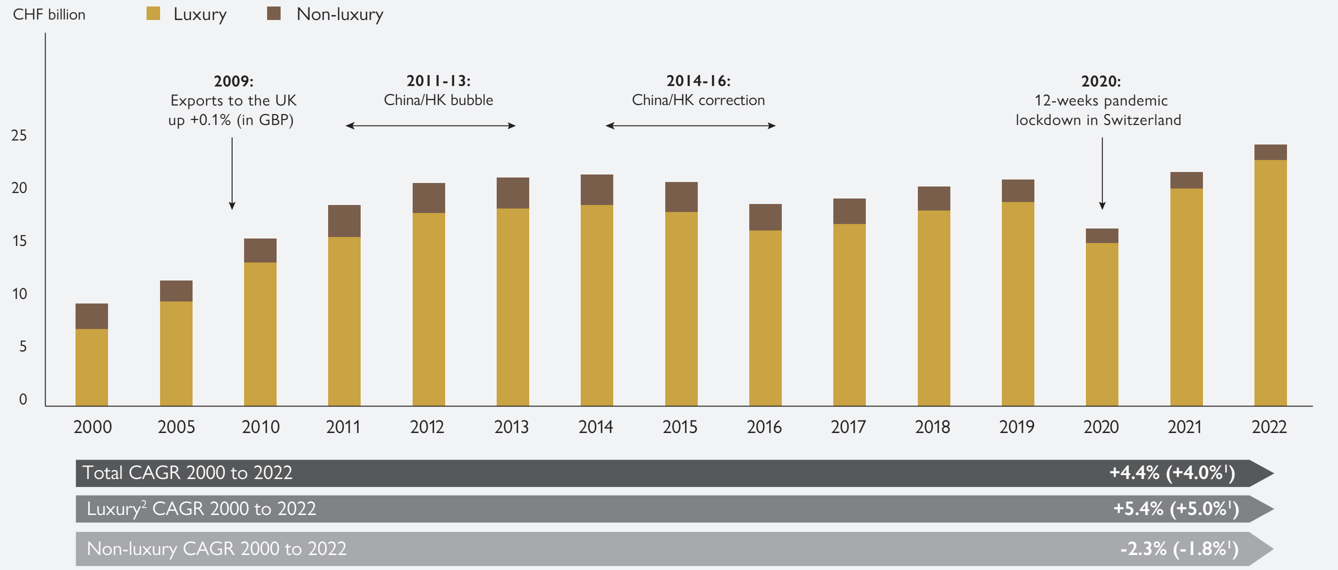
SPECIALIST CATEGORY

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

THE LUXURY WATCH MARKET HAS A STRONG TRACK RECORD OF GROWTH

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

RESILIENT LONG-TERM GROWTH IN SWISS WATCH EXPORTS



Source: Company information, Swiss Watch Federation

1 CAGR shown through 2021.
2 Luxury watches in the market review are those at an export price over 500 CHF.

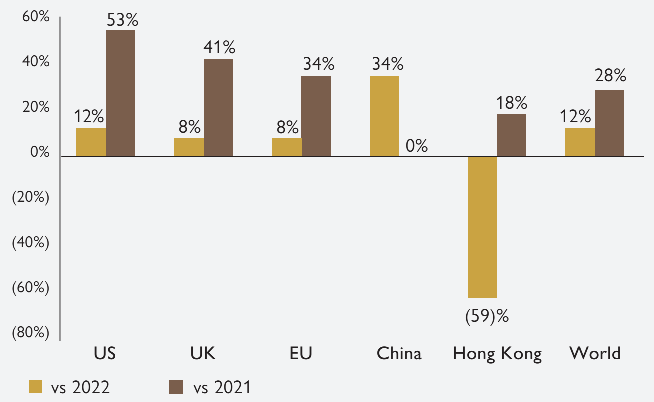
The Group estimates global retail sales of luxury watches were approximately £44.1 billion in calendar year 2022 (2021: £37.3 billion). This is based on the estimated retail value of Swiss luxury watches (Swiss exports and the Swiss market), repairs and services and the contribution from non-Swiss luxury watch brands.

Luxury watches have continued to be supported by long-term increases in prices, with the average selling price (ASP) of Swiss watch exports (wholesale) generating a 22-year CAGR of +5.4% (2022 vs 2000).

Watches at the luxury end of the market have outperformed lower priced segments and represent 94% of the value of global Swiss watch exports in calendar year 2022.

The UK, US and EU have seen significant increases in Swiss watch exports in recent years, as can be seen in the graph opposite.

SWISS WATCH EXPORTS (WRISTWATCHES PRICED ABOVE 500 CHF) JANUARY TO MAY 2023



Source: Swiss Watch Federation

DISCIPLINED DISTRIBUTION MANAGEMENT THROUGH SELECTIVE DISTRIBUTION AGREEMENTS

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

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

LOYAL, DIVERSE, MULTI-GENERATIONAL CLIENT BASE

Luxury watches attract a set of shoppers, who can become repeat clients, spanning age, income groups and genders. The internet has, over the years, had an increasingly positive impact on digital and social media appealing to a younger market.

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

Market trends have benefitted more recently from price increases and consumer trends towards higher price point products.

GLOBAL BRANDS HAVE SUPPLY DRIVEN GROWTH

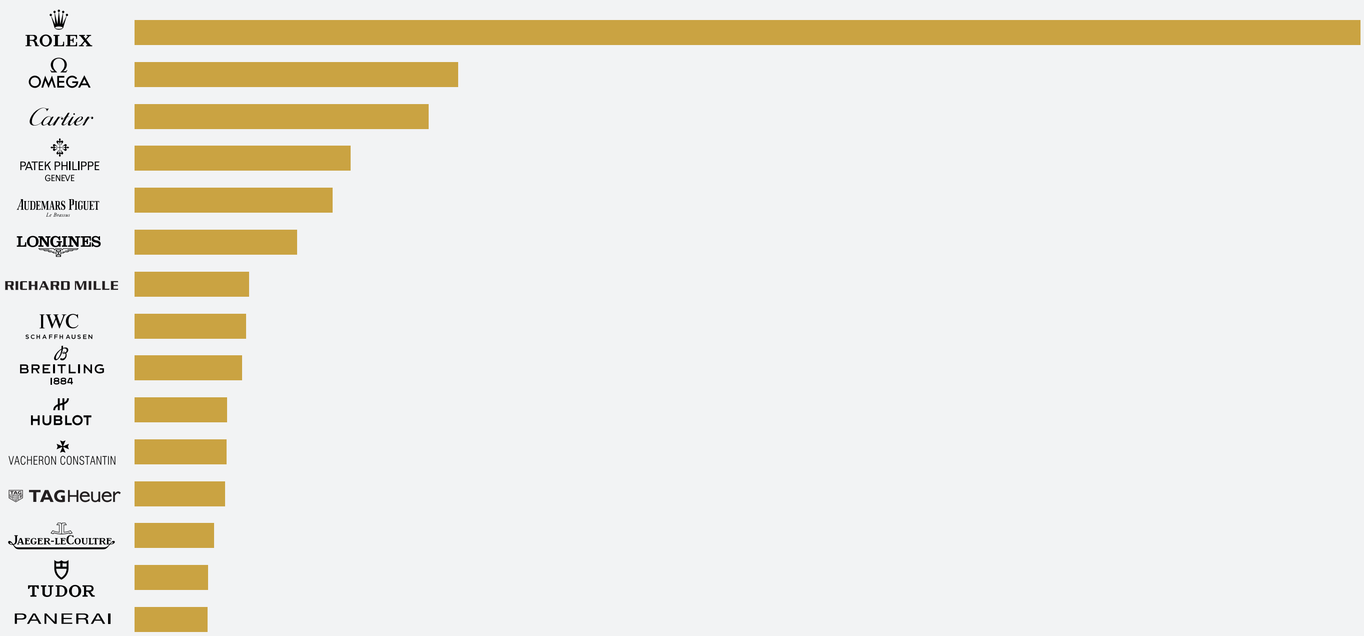
For the total luxury watch industry, demand has increased at a faster rate than production, in part reflecting the labour-intensive nature of watchmaking and its dependence on highly skilled watchmakers in Switzerland. Long-term growth has been underpinned by increased ASP, positive mix effects and limited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

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

We stock confidently, which provides our clients with a greater width and depth of availability; the table opposite shows the breakdown of the Group's brand partners.

Major independents	Swatch Group	Richemont	LVMH	Independents
ROLEX	OMEGA	Cartier	TAG Heuer	Grand Seiko
PATEK PHILIPPE GENEVE	LONGINES	IWC SCHAFFHAUSEN	HUBLOT	MB&F
AUDEMARS PIGUET Le Brassus	BLANCPAIN	PANERAI	ZENITH	BOVET 1822 Engineering Brilliance
BREITLING 1884	Breguet Depuis 1775	JAEGER-LECOULTRE	BVLGARI	ULYSSE NARDIN
TUDOR	Glashütte ORIGINAL	VACHERON CONSTANTIN		GIRARD-PERREGAUX
	RADO SWITZERLAND	PIAGET		SPEAKE MARIN
	TISSOT Swiss Watches since 1853			JACOB & CO GENÈVE
				ARMIN STROM
				Chopard
				H. Moser & Cie. VERY RARE
				CHANEL
				BREMONT CHRONOMETERS
				DOXA 1889
				ORIS HÖLSTEIN 1904

The graph below shows estimated 2022 global retail sales for the major Swiss watch brands.



Source: Morgan Stanley, Sixth Annual Swiss Watcher (28 March 2023)

CONTINUOUS PRODUCT INNOVATION AND ADVANCEMENT

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

This year saw the largest watchmaking gathering ever to take place in Geneva, Watches and Wonders 2023, where exciting new products were launched, accompanied by relevant marketing support.

Watchmakers are making greater use of strap and dial combinations to increase consumer interest.

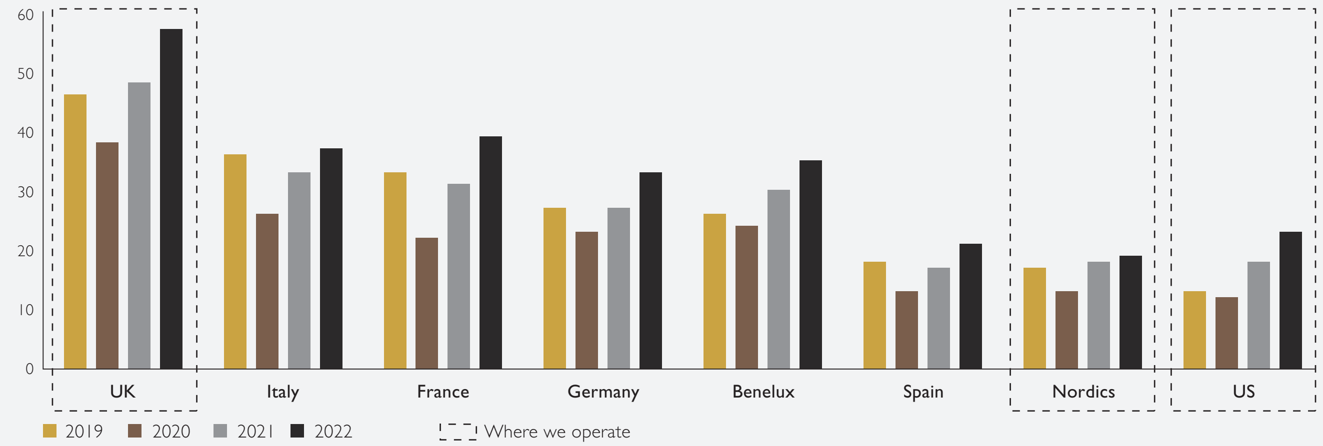
The luxury watch industry is benefitting from greater flexibility over production and reduced product development timeframes due to the advancements in artificial intelligence (AI) and 3D printing.

GEOGRAPHICAL MARKETS

The Group operates in the UK and US markets, two of the major Swiss watch markets. We have also entered the European market through the opening of six mono-brand boutiques in the financial year. The following chart shows the luxury watch retail sales per capita over the last four years.

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

LUXURY WATCH PER CAPITA RETAIL SALES ($)



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


OMEGA
Speedmaster
PROFESSIONAL
TACHYMÈTRE
SWISS MADE

THE UK MARKET

UK MARKET HIGHLIGHTS

5

CALENDAR YEAR 2022 RANKING IN GLOBAL MARKETS FOR SWISS WATCH EXPORTS

£2.9bn

ESTIMATED 2022 LUXURY WATCH RETAIL SALES (2021: £2.3bn)

The UK is the fifth largest market globally for Swiss luxury watch exports. The Group estimates retail sales of luxury watches amounted to £2.9 billion in calendar year 2022 (£2.3 billion in 2021).

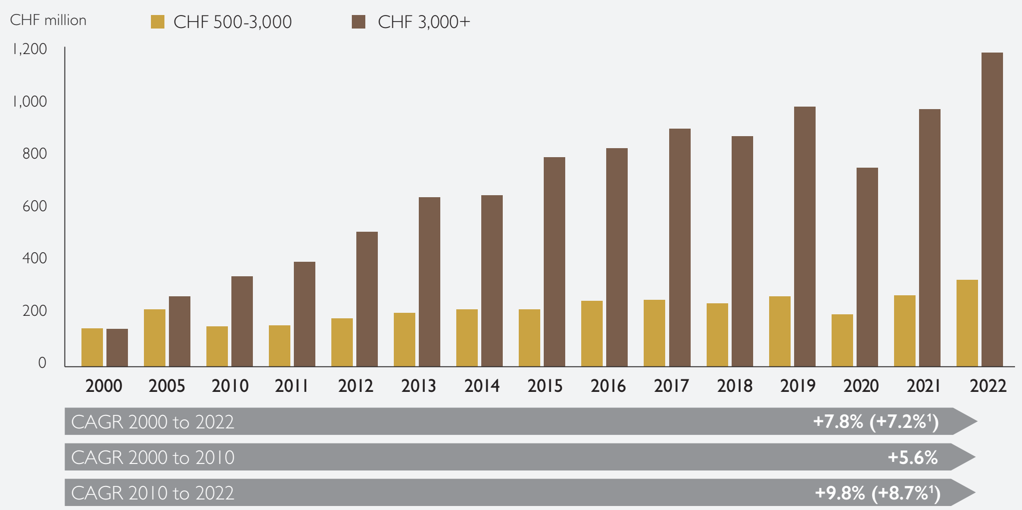
The UK market has been strong, a testament to a well-invested multi-channel market and highly engaged and sophisticated domestic clientele which has typically had a preference for the sports luxury watch category.

In the period 2000 to 2022, Swiss watch exports to the UK increased by a CAGR of 7.8%.

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

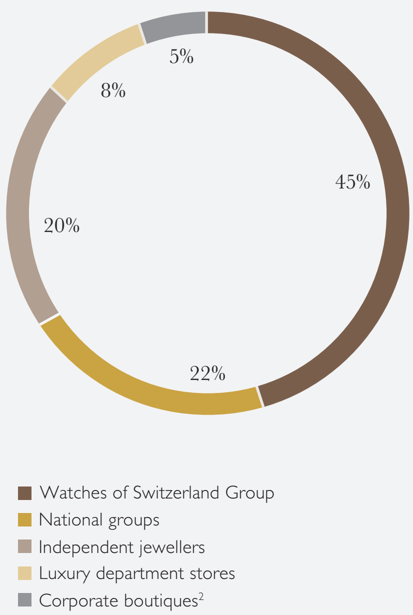
The UK market is led by Rolex, with strong market positions of Patek Phillippe, OMEGA, Cartier, Breitling, TAG Heuer and TUDOR.

LUXURY SWISS WATCH EXPORTS TO THE UK



Source: Swiss Watch Federation
1 CAGR shown through 2021.

UK LUXURY WATCH MARKET 2022



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

Watches of Switzerland, Battersea Power Station, London

THE US MARKET

US MARKET HIGHLIGHTS

1

CALENDAR YEAR 2022 RANKING IN GLOBAL MARKETS FOR SWISS WATCH EXPORTS

$8.2bn

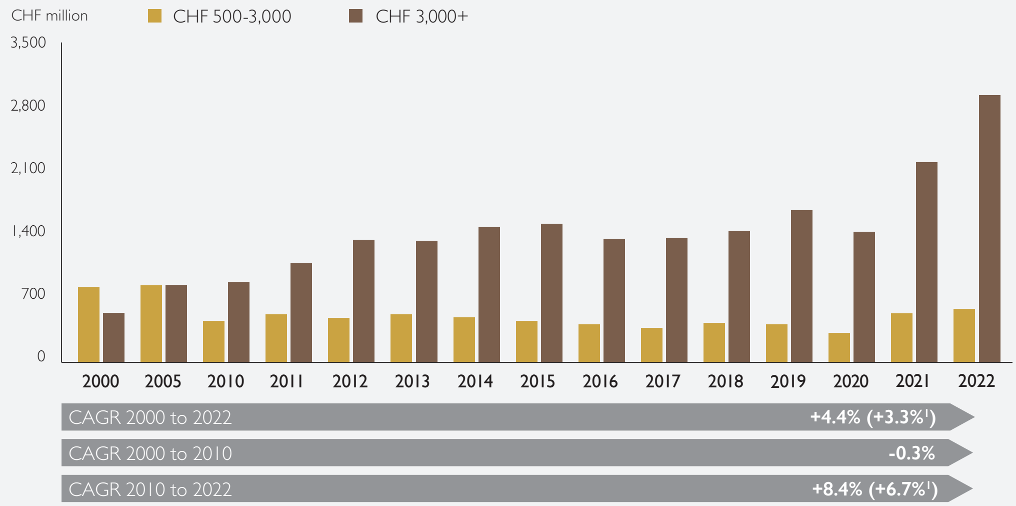
ESTIMATED 2022 LUXURY WATCH RETAIL SALES (2021: $6.4bn)

After a period of under-investment in the market leading up to 2018, the US has started to perform strongly and is today the largest global market for Swiss watch exports, overtaking China in 2021. The Group estimates retail sales of luxury watches reached $8.2 billion in calendar year 2022 (2021: $6.4 billion).

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

US retail distribution is in the process of consolidation towards larger showroom formats in major shopping centres and retail investment from the Watches of Switzerland Group and others has increased. The US market is predominantly domestic, although domestic tourism (e.g. to Florida or Las Vegas) is significant. In recent years Rolex, Patek Philippe and other brands have been rationalising distribution, reducing the number of agencies to a smaller number of higher quality retailers.

LUXURY SWISS WATCH EXPORTS TO THE US



Source: Swiss Watch Federation
1 CAGR shown through 2021.

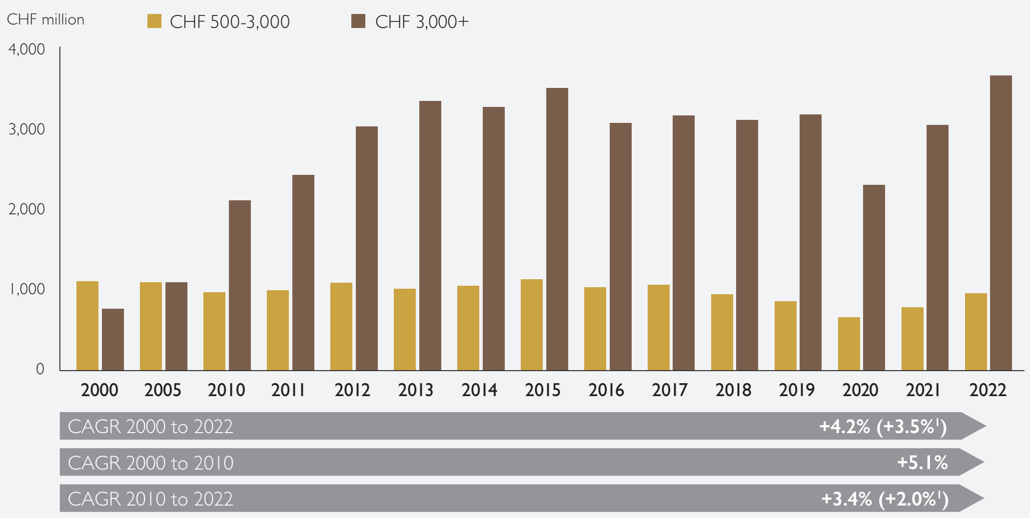
Watches of Switzerland, Hudson Yards, New York

THE EUROPEAN MARKET

The European market shares some similarities to the US market, with a large level of fragmentation. As can be seen from the chart on page 20, luxury watch sales per capita lag the UK market.

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

LUXURY SWISS WATCH EXPORTS TO EUROPE



Source: Swiss Watch Federation
1 CAGR shown through 2021.

PRE-OWNED WATCH MARKET

We believe the pre-owned market is a positive development for the retail market. It provides liquidity and value preservation for luxury watches. This is a growing sector due to the supply of certain products being inadequate to meet demand in the first hand market and for collectors given nearly 95%[1] of watches are no longer in production. The pre-owned market today has a dependence on product sold at prices above retail due to unavailability and scarcity.

The market is made up of pre-owned (purchase or trade-in watches to sell on) and online marketplace players.

During the year, Rolex launched the Rolex certified pre-owned programme offering the opportunity to purchase from its official retailers pre-owned watches that are certified as authentic and guaranteed by the brand. The Watches of Switzerland Group is working in partnership with Rolex to launch this programme in FY24 in the UK and US.

PRE-OWNED AND ONLINE MARKETPLACE KEY PLAYERS

Watchfinder & Co.
Acquired by Richemont in 2018

Bucherer

WatchBox/Govberg

Hodinkee

Crown & Caliber
Acquired by Hodinkee in 2021

Bob's Watches

Analog:Shift
Acquired by the Watches of Switzerland Group in 2020

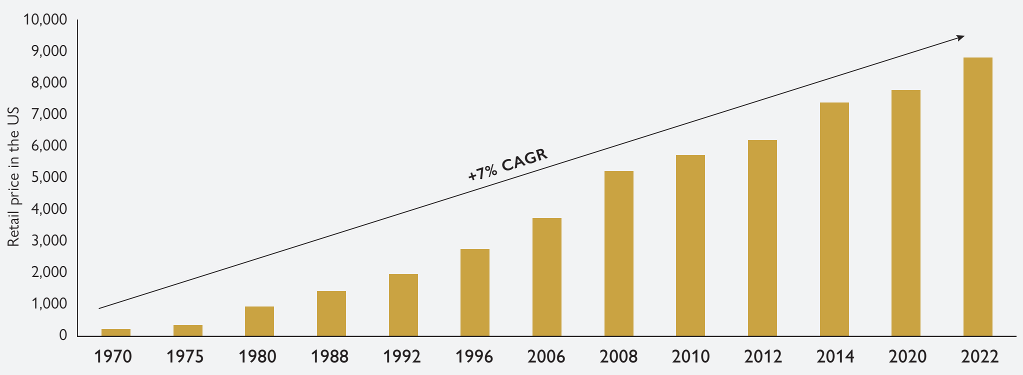
The Watches of Switzerland Group

Chrono24

eBay

Auction Houses

ROLEX SUBMARINER NO-DATE PRICE EVOLUTION SINCE 1970 ($)



Source: STIFEL, Swiss watch industry export primer (30 August 2022)

1 Source: BCG, Luxury Preowned Watches, Your Time Has Come (March 2023)

LUXURY JEWELLERY MARKET

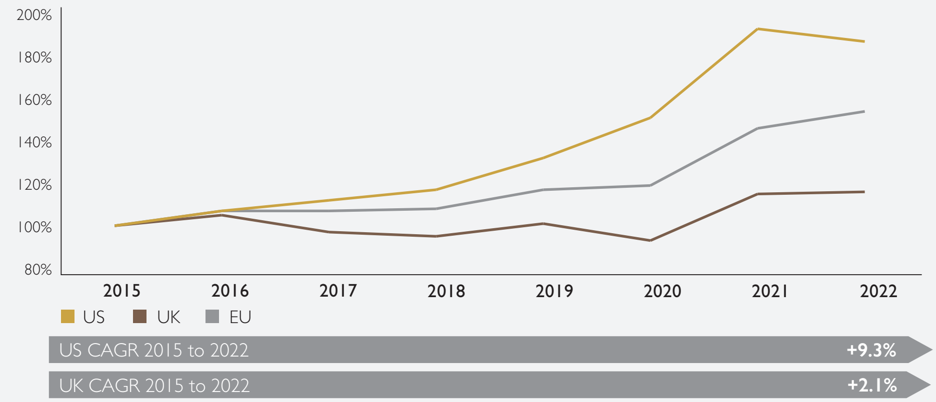
Our luxury watch business is complemented by a strong luxury jewellery offering.

The global luxury jewellery market has seen global trends towards the branded component of the market.

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

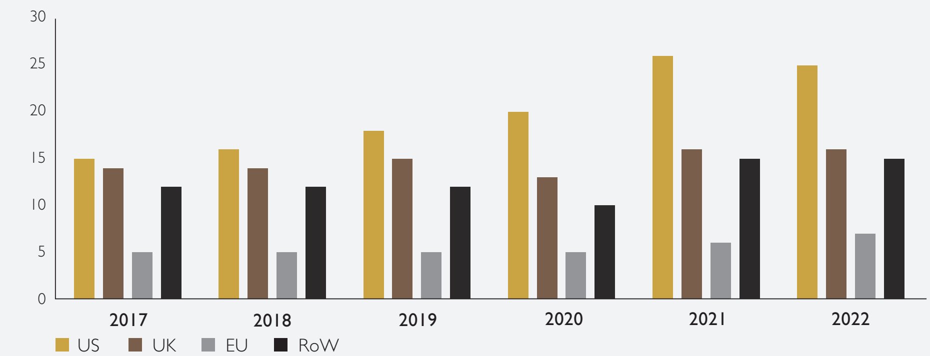
The US is the strongest market in the Western world for luxury jewellery per capita.

JEWELLERY DEMAND: CUML. YOY %



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

LUXURY JEWELLERY DEMAND PER CAPITA (US$)



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

AFTER-SALES AND SERVICING

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

The market is primarily supported by traditional multiple and independent retailers and brand in-house resources. The Group estimates after-sales and servicing represents approximately 5% of the market and is very important in terms of providing a luxury client experience.

After-sales and servicing has not kept pace with the growth in new watch sales. The Group continues to invest in expanding its capacity to repair and service timepieces in both the UK and US.

After-sales and servicing contributes to the circular economy; refer to page 88 to learn more.

HOW THE GROUP CREATES VALUE

DRIVEN BY

OUR PURPOSE

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

WHAT WE DO

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

The Group operates in the UK, US and Europe.

INPUTS

BRAND PARTNERSHIPS

Our strong and long-standing relationships with the most recognised and prestigious luxury watch and jewellery brands. These relationships have been forged over many years and also include new relationships with developing brands.

Please see pages 26 to 27 for more details on the prestigious brands we partner with.

COLLEAGUES

The Watches of Switzerland Group is committed to building a great place to work by giving people every reason to join, grow and stay with our Group. We recognise the many benefits a diverse and inclusive workforce can bring and embrace all talent.

CLIENTS

We offer the greatest choice of brands and products in the world of luxury watches and jewellery. We aim to make our clients feel welcome through unintimidating, inviting, browsable, modern and luxurious environments in our showrooms and online.

DESTINATION SHOWROOMS

Our clients purchase our products through our retail network of directly operated showrooms. These include multi-brand showrooms, a presence in travel retail, online and a growing portfolio of mono-brand boutiques in partnership with our brands.

FINANCIAL INVESTMENT

Watches of Switzerland Group PLC is listed on the London Stock Exchange. Through focused investment we drive growth, generate shareholder value and ensure the long-term sustainable future of the Group.

HOW WE CREATE VALUE

BRAND PARTNERSHIPS

We collaborate with our long-standing brand partners to elevate and expand their distribution and partner on-demand forecasting, product launches, showroom projects, online, clienteling, marketing, events and learning and development for our colleagues.

CLIENT EXPERIENCE

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

During the year we embedded our industry-leading Xenia Client Experience Programme throughout the business, refer to page 36 for further details.

SHOWROOM ENVIRONMENT

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

MULTI-CHANNEL

Our multi-channel model spans a well-invested showroom network, with flagships, regional showrooms, travel retail and mono-brand boutiques complemented by market-leading ecommerce platforms. The Group has a truly multi-channel approach, which includes click and collect, appointment system and the Luxury Watch and Jewellery Virtual Boutique.

MARKETING

We deliver impactful marketing focused on digital communications, Client Relationship Management, PR, client experiences and co-operative activity with brand partners. Our editorial content across watches and jewellery provides an authoritative voice within our market. Please see page 29 for more details.

SCALE

High barriers to entry created through national coverage in the UK with a portfolio of 146 showrooms in the UK and Europe and a growing and significant presence in the US with 47 showrooms (at 30 April 2023).

OPERATIONAL EXCELLENCE

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

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

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

FINANCIAL DISCIPLINE

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

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 return on investment, aiming to deliver long-term sustainable earnings growth whilst retaining financial capability to invest in our business and to execute our strategic priorities.

COLLEAGUES AND COMMUNITIES

We aim to develop and grow our colleagues through significant investment in training and development. This is supported by promoting an open and inclusive environment through listening to our colleagues.

In the last financial year, the Group launched The Watches of Switzerland Group Foundation which supports a number of causes, with an emphasis on helping poor and vulnerable people out of poverty. For more details refer to pages 76 to 81.

PLANET AND PRODUCT

100% of our UK properties are powered by renewable energy and in FY23, our near-term emissions reduction targets, consistent with limiting warming to 1.5°C, were approved by the Science Based Targets initiative.

This year also saw the UK launch the world's first fully circular luxury Swiss watch. We continued investment into our repairs and servicing business and grew sales of pre-owned luxury watches by strong double digits vs FY22.

We also began a programme of supply chain engagement and partnered with the Slave-Free Alliance to help mitigate the threat of modern slavery.

VALUE CREATED

£1,543m
FY23 REVENUE

£165m
ADJUSTED EBIT[1]

27.9%
FY23 RETURN ON CAPITAL EMPLOYED[1]

£239m
CASH GENERATED FROM OPERATIONS

146
UK AND EUROPE SHOWROOMS AT 30 APRIL 2023

47
US SHOWROOMS AT 30 APRIL 2023

193
TOTAL SHOWROOMS AT 30 APRIL 2023

2,800+
NUMBER OF COLLEAGUES

£1.5m
PAID BY THE GROUP TO THE WATCHES OF SWITZERLAND GROUP FOUNDATION

1 This is an Alternative Performance Measure. Refer to the Glossary on pages 230 to 232 for definition and reconciliation to statutory measures where relevant.

OUR BRAND PARTNERSHIPS

LUXURY WATCHES

We have developed strong, long-standing and collaborative partnerships with the most prestigious luxury watch brands over the years. We constantly strive to represent our brand partners in the best possible way to our clients, working together to identify distribution opportunities, partner on-demand forecasting and product development, and collaborating closely on all showroom projects, across our online platform, clienteling initiatives and marketing activities. We also collaborate on training our colleagues with our brand partners to ensure we have experts across all brands within our business. For more details please refer to Our Brand Partnership Brand Book 2023.

ROLEX

Founded in 1905 in London by Hans Wilsdorf, Rolex watches are crafted from the finest raw materials and assembled with scrupulous attention to detail.

PATEK PHILIPPE
GENEVE

Utilising over 180 years of experience and perpetuating the tradition of Genevan watchmaking, Patek Philippe has always been at the forefront of the luxury watch industry.

AUDEMARS PIGUET
Le Brassus

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

OMEGA

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

Cartier

Widely regarded as the inventor of the first watch designed to be worn on the wrist, Cartier was established in Paris in 1847 and is arguably one of the most recognisable Maisons in the world.

TAG Heuer

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

BREITLING
1884

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

TUDOR

Since its founding in 1926, TUDOR has endeavoured to produce the best possible watches at the best possible price. This mission, bold then as it is now, is inspired by the vision of the brand's founder Hans Wilsdorf.

OUR BRAND PARTNERSHIPS

IWC SCHAFFHAUSEN

VACHERON CONSTANTIN GENÈVE

PANERAI

HUBLOT

JAEGER-LECOULTRE

ZENITH

GS Grand Seiko

LONGINES

MB&F

BOVET 1822 Engineering Brilliance

ULYSSE NARDIN SINCE 1846 LE LOCLE - SUISSE

GIRARD-PERREGAUX

H. Moser & Cie. VERY RARE

Chopard

JB 1735 BLANCPAIN MANUFACTURE DE HAUTE HORLOGERIE

Breguet Depuis 1775

J&Co JACOB&CO GENÈVE

SPEAKE MARIN

ARMIN STROM SWISS WATCH MANUFACTURE

BREMONT CHRONOMETERS

BVLGARI

CHANEL

Glashütte ORIGINAL

PIAGET

DOXA 1889

HAMILTON

ORIS HÖLSTEIN 1904

RADO SWITZERLAND

TISSOT Swiss Watches since 1853

LUXURY JEWELLERY

At the Watches of Switzerland Group, our brands Mappin & Webb, Goldsmiths, Mayors and Betteridge offer their very own collections of jewellery all steeped in a rich history and heritage, making our showrooms and websites the destination for fine luxury jewellery. We are also privileged to partner with the best luxury jewellery brands in the world, including FOPE, BVLGARI, Roberto Coin, Messika, Jenny Packham, Gucci, Mikimoto and Birks.

DELIVERING OUR STRATEGY

Within the framework of our seven strategic priorities, we made significant progress during FY23 through elevated levels of investment and focus on further developing our client-centric business model.

1. GROW REVENUE, PROFIT AND RETURN ON CAPITAL EMPLOYED

WHAT IT MEANS

- Exceeding on our Long Range Plan, which sets out our strategy for the five-year period from FY22 to FY26:
  - Drive revenue across our existing markets, the UK and the US, and generate incremental revenue from entrance into Europe
  - Generate further operational leverage driven by the US, the UK and ongoing geographical mix evolution
  - Generate strong free cash flow conversion to support growth leading to enhanced Return on Capital Employed (ROCE)
  - Consistent, sustained capital investment and selective acquisitions to support growth

HOW WE PERFORMED IN FY23

- Group revenue growth of 25% at reported rates (+19% at constant currency) vs FY22, Adjusted EBIT of £165 million (+27% vs FY22) and ROCE of 27.9% (+50bps vs FY22)
- Five new showrooms at the new iconic Battersea Power Station in London, a Watches of Switzerland multi-brand showroom anchored by Rolex; and four mono-brand boutiques in partnership with OMEGA, TAG Heuer, Breitling and TUDOR
- 9 showrooms refurbished in the Goldsmiths Luxury concept
- 26 new mono-brand boutiques in the UK, US and Europe in partnership with OMEGA, TAG Heuer, Breitling, TUDOR, Longines, Grand Seiko and Hublot
- Watches of Switzerland showroom acquisition in the US, anchored by Rolex, in New Jersey in June 2022

OBJECTIVES FOR FY24

- Continue to deliver on our Long Range Plan objectives
- Invest in our showroom portfolio with an exciting pipeline including:
  - Watches of Switzerland multi-brand showroom in American Dream, New Jersey opened in May
  - Expansion of the mono-brand portfolio with boutiques planned across the UK, US and Europe
  - Refurbishment and expansion of Mayors Dadeland, Florida opened in May
  - Launched our first new contemporary showroom concept for Mappin & Webb in York in June
  - Continued roll out of Goldsmiths Luxury showroom format
  - Watches of Switzerland multi-brand showroom at One Vanderbilt, New York due to open in January 2024

LINK TO KPIs

1 2 3 4 5 6 7 8 9 12

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 6 8 9 10

Read more on pages 116 to 121

2. ENHANCE STRONG BRAND PARTNERSHIPS

WHAT IT MEANS

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

HOW WE PERFORMED IN FY23

- Attended multiple watch and jewellery events, including Watches and Wonders Geneva, Geneva Watch Days, Vicenza Jewellery show and JCK in Las Vegas. Opportunity to connect with the brands in person and view their exciting new products
- Investment in client events included hosting of high-end jewellery events in London, Manchester and Glasgow in the UK and across several Mayors and Betteridge showrooms in the US
- Increased our collaboration with brands on all aspects of co-operative marketing, including digital communication, events and advertising
- Working with the brands on significant training programmes for our colleagues
- Watches of Switzerland hosted a three-day exhibition of the 2022 Grand Prix d'Horlogerie de Gèneve (GPHG) award-winning watches at Soho, New York

OBJECTIVES FOR FY24

- Continue to grow our brand partners' equity, through network elevation, full price selling and excellence in merchandising and retail
- Develop strategic joint business plans focused on distribution, product launches, training and marketing
- Increased collaboration with both local market brand management, and relevant global teams
- Ensure a high level of transparency and integrity in our business practices
- Strengthen partnerships with our brands on our ESG agenda

LINK TO KPIs

5 8 9 12

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 3 5 6 7 8 9

Read more on pages 116 to 121

KEY PERFORMANCE INDICATORS

1 Revenue
2 Operating profit/EBIT
3 Adjusted EBIT
4 Basic EPS
5 Adjusted EPS
6 Return on Capital Employed
7 Cash generated from operations
8 Average selling price
9 Number of showrooms
10 Colleague Engagement Survey
11 ESG – Carbon emissions
12 ESG – Circularity

PRINCIPAL RISKS AND UNCERTAINTIES

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

3. DELIVER AN EXCEPTIONAL CLIENT EXPERIENCE

WHAT IT MEANS

Our Xenia Client Experience Programme is an opportunity to create a unique differentiator to our competition. Everything we do is driven by our client experience and our colleagues who are either serving a client or serving someone who is. Our three Xenia pillars of Know Me, WOW Me and Remember Me enable all colleagues to focus on how we make our clients feel throughout every interaction with our brands.

HOW WE PERFORMED IN FY23

– Embedded Xenia across our showrooms – please refer to page 36 for more details
– Our Luxury Watch and Jewellery Virtual Boutique continues to bridge the gap between online and showrooms, offering unparalleled client service under a truly multi-channel approach. We increased resource this year allowing more clients access and improving turnaround time on enquiries
– In the UK, we hosted 169 events and entertained 7,500+ clients across showrooms from Brighton to Gleneagles with some of our key brand partners and across our own branded jewellery
– In the US, we hosted 98 events and entertained 5,000+ clients across showrooms from Las Vegas to Greenwich with some of our key brand partners, in addition to our own branded events for Watches of Switzerland and jewellery

OBJECTIVES FOR FY24

– Continue to embed Xenia across our showrooms, all our processes and launch into the support teams
– Further expansion and centralisation of processes into the Luxury Watch and Jewellery Virtual Boutique in the UK and US
– Continue to elevate and widen our client event programme

LINK TO KPIs

8 9

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 5 6 7 8 9 11

Read more on pages 116 to 121

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

WHAT IT MEANS

Creative, effective and relevant marketing content targeted towards a broad aspirational audience, to support our showrooms and showcase our breath of range and expertise. We adopt a multi-channel marketing approach to maximise awareness, invest in performance marketing to drive sales both online and offline, and work with brand partners on co-op marketing campaigns, clienteling and events.

HOW WE PERFORMED IN FY23

– Continued focus on performance marketing with market-leading digital campaigns across Google, optimised for multi-channel return
– Our presence on social media continues to be an important channel to inspire, engage and target a new, younger audience:
  – In the UK total campaign impressions (including search and shopping) were 4.4 billion
  – In the US total campaign impressions (including search and shopping) were 1.0 billion
– Investment in print media and outdoor advertising with our key brand partners, along with bursts of activity to support our Watches of Switzerland Group exclusives and new agencies
– Investment in local activations; ensuring each new or refurbished showroom has a localised support plan to help drive awareness and footfall
– Extensive PR activity in the US

OBJECTIVES FOR FY24

– Continue to drive awareness through a multi-channel strategy with bold, impactful content creation
– Ongoing investment in performance marketing to drive sales both online and offline
– Devise and implement localised marketing plans to support all new showrooms and refurbishments
– Continue to focus on PR activations in the US to drive brand awareness

LINK TO KPIs

9

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 3 4 6 8 9

Read more on pages 116 to 121

5. LEVERAGE BEST IN CLASS OPERATIONS

WHAT IT MEANS

Merchandising

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

Retail Operations

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

IT Systems

Our fully integrated IT systems are based on a single SAP platform powering showroom point of sale, Client Relationship Management, reporting solutions, live inventory availability and operations. This single platform enables rapid expansion capabilities in new markets or through acquisitions.

HOW WE PERFORMED IN FY23

Merchandising

- Improved product availability across the majority of our brands and showroom productivity
- Extended the level of SKUs we have for key brands for our ecommerce platform, to ensure we have the full range of products available by brand

Retail Operations

- Deployed hosts within the showrooms and additional technology in-store to help support the client experience journey
- Dedicated Operation Managers and Hospitality Teams in flagship showrooms, supporting these large and complex operations
- Expanded our Luxury Watch and Jewellery Virtual Boutique in both the UK and US

IT Systems

- Entering new markets of Sweden, Denmark and the Republic of Ireland, demonstrated the flexibility of our international systems template
- Continuing to refresh and expand our in-store technology, ensuring showroom teams have the best technology to hand in support of every client transaction

OBJECTIVES FOR FY24

- Continued refurbishment and expansion of showroom network including:
  - Refurbishment and expansion of Mayors Dadeland, Florida opened in May
  - Launched our first new contemporary showroom concept for Mappin & Webb in York in June
  - Continued roll out of Goldsmiths Luxury showroom format
- Plans to further embed Xenia across the showroom network
- Relocation, renovation and expansion of our offices and distribution centres in the UK and the US as well as our servicing and repair hubs in the UK

LINK TO KPIs

2 3 4 5 6 7 8 9 12

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 6 7 8 10 11

Read more on pages 116 to 121

6. EXPAND OUR MULTI-CHANNEL LEADERSHIP

WHAT IT MEANS

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

HOW WE PERFORMED IN FY23

Multi-brand Showrooms

- Watches of Switzerland showroom acquisition, anchored by Rolex, in New Jersey in June 2022
- Significant enhancements to our Watches of Switzerland flagship Regent Street multi-brand showroom
- Reopened our newly refurbished and expanded Watches of Switzerland multi-brand showroom at Canary Wharf in November 2022

Online

- Continued to leverage our market-leading position in the UK and accelerate our market share in the US, through our competitive advantage in digital marketing and omnichannel excellence

Mono-brand Boutiques

- Developed and enhanced the channel, opened 26 new mono-brand boutiques, bringing our global network to a total of 80 boutiques (UK: 51, US: 23, Europe: 6) as at 30 April 2023

Travel Retail

- Travel retail in the UK continues to improve as traffic recovers and all airport showrooms have now reopened

OBJECTIVES FOR FY24

- Ongoing investment in elevating and upgrading the existing network as well as opening in new, strategic locations
- Growing sector leadership online with a focus on luxury watches and jewellery with continual improvement of user experience
- Working closely with our brand partners to further develop our multi-channel partnerships

LINK TO KPIs

9

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 3 4 6 8 10

Read more on pages 116 to 121

7. CONTINUE TO ADVANCE THE ESG AGENDA

WHAT IT MEANS

We take responsibility and accountability for the impact of our decisions and activities on the environment and society and are committed to operating transparently, ethically and sustainably. This includes caring for our colleagues and contributing to the sustainable development and wellbeing of our local communities, while building climate resilience and preserving resources.

HOW WE PERFORMED IN FY23

- 81% colleague engagement score
- Continue to close our mean gender pay gap
- 11% of colleagues progressed their careers through promotion
- Our near-term greenhouse gas (GHG) emissions reduction target in line with a 1.5°C pathway verified by the Science Based Targets initiative
- Responded to CDP questionnaire on climate change for first time, scoring a 'C'
- Grew our After Sales and Servicing business by 20% year-on-year
- Increased sales of pre-owned watches by high double digits year-on-year
- Evolved Modern Slavery Statement and published new ESG Partner Standards
- As at June 2023, the Watches of Switzerland Group scored an ISS Quality Score '1' for Environment and received an MSCI ESG Rating of AAA

OBJECTIVES FOR FY24

- Maintain colleague engagement and inclusion
- Reduce Scope 1, 2 and 3 GHG emissions year-on-year
- Improve our CDP score year-on-year
- Continue to enhance our approach to modern slavery and human rights
- Year-on-year increase in watches kept in circulation through repair, servicing and / or resale, measured by % of new watches sold
- Ongoing supplier engagement with our ESG Partner Standards and due diligence
- Achieving Key Performance Indicators in line with our Modern Slavery Roadmap
- Equipping colleagues with the training and resources they need to help clients make more informed purchasing decisions
- For more details on our Sustainability Strategy, commitments and targets refer to pages 56 to 61

LINK TO KPIs

10 11 12

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

1 2 6 9 10 11

Read more on pages 116 to 121

SUSTAINABILITY

Our strategy is underpinned by our sustainability pillars

PEOPLE

Join, grow and stay with our Group

Read more on page 62

PLANET

Build climate resilience and preserve resources

Read more on page 82

PRODUCT

Enable circularity in watches and jewellery through repairs, servicing and our pre-owned business and improve traceability and sourcing standards

Read more on page 106

EUROPEAN EXPANSION

We are delighted to have commenced our entry into the European market with the opening of six mono-brand boutiques in Sweden, Denmark, and the Republic of Ireland in FY23. Our European expansion programme continues into FY24 with two further showrooms opened in the first quarter.

LINK TO STRATEGY

This year we opened six mono-brand boutiques in Europe in partnership with OMEGA, Breitling and TAG Heuer: three in Stockholm, Sweden; two in Copenhagen, Denmark; and one in Dundrum, Dublin, in the Republic of Ireland.

Early trading in Europe has been in line with our expectations with improving ongoing momentum. The average selling price of OMEGA and Breitling in our boutiques is higher than our Group average, outperforming both the UK and US. We have been pleased to observe a good level of watch enthusiasts and collectors driving a high level of repeat purchases. The quality of our showrooms and client experience via mystery shops is ahead of the competition.

We enter FY24 with ongoing momentum having recently opened two additional mono-brand boutiques in partnership with TAG Heuer; one in Berlin, Germany and one in the Mall of Scandinavia, Stockholm in June.

We continue to see significant opportunity in Europe where the luxury watch market is under-invested and under-potentialised. Our expansion into Europe will take place through a combination of continued showroom openings alongside acquisitions and ecommerce. The Group anticipates that sales in Europe will contribute between 5–8% of Group revenue by FY26.

TAG Heuer mono-brand boutique, Dundrum, Dublin, Republic of Ireland

> "We have made good progress as we establish our presence in the European market through the targeted roll-out of our proven model. We opened our first six European mono-brand boutiques in FY23 and consumers are responding well to the elevated showroom experience we offer."

CRAIG BOLTON
PRESIDENT OF UK & EUROPE

Top: Breitling mono-brand boutique, Østergade 61, Copenhagen, Denmark
Bottom: OMEGA mono-brand boutique, Biblioteksgatan 3, Stockholm, Sweden

JEWELLERY

The Watches of Switzerland Group has a long history across its showroom fascia of jewellery curation and creation. Our luxury jewellery category remains a key focus, leveraging our strong heritage, unparalleled market coverage, product expertise and client base.

LINK TO STRATEGY

Our ambition is to play a leading role in retailing luxury jewellery brands. We strive to apply the market-leading luxury watch model to the luxury jewellery category through providing a unique quality of jewellery brand choice in a dedicated specialised luxury format supported by best-in-class client service.

In FY23, our luxury jewellery category represented 7% of Group sales with almost one out of every two clients that we serve buying a piece of jewellery with us today. We are proud to currently carry over 40 luxury jewellery brands across our UK and US showrooms including BVLGARI, CHANEL, Messika, FOPE, Gucci, Buccellati, Chopard and Roberto Coin as well as our four own brands: Mappin & Webb, Goldsmiths, Mayors and Betteridge.

The Group has a long-standing history of retailing luxury jewellery across our showroom fascia, the oldest in the UK, being Mappin & Webb (1775) and Betteridge (1897) in the US. Our heritage is matched by our unparalleled expertise and craftmanship. Mappin & Webb holds royal warrants for the British Crown and has been silversmiths to all of the UK's sovereigns since 1897.

Our Mappin & Webb London Jewellery Workshop and Studios, under the leadership and supervision of Mark Appleby, The Crown Jeweller, and his very experienced team of outstanding jewellery craftsmen, recently worked on King Charles' coronation restoring the Crown Jewels as well as modifying the three most famous crowns that were worn on the coronation day.

During the year we added nine new luxury jewellery brands including 886 by Royal Mint which is heavily focused on sustainability. We also expanded our product selection from icon to designer brands across luxury and fine segment pieces. We are elevating our own jewellery brands by introducing more GIA certified and quality stones, higher carat weight of gold and creative designs.

We have also enhanced the visibility of the category across our retail network through new luxury showroom design concepts. In the UK, we continued with the rollout of Goldsmiths Luxury as we elevate the Goldsmiths brand position with a luxurious new showroom concept. Cumulatively, sixteen showrooms have now been refurbished in the new concept.

In the US, we opened our first BVLGARI mono-brand boutique last year and we continue to enhance our Mayors showrooms and most recently, in May 2023, re-opened Mayors Dadeland, Florida following a significant refurbishment and expansion. Elevating our showrooms allows us to extend brand line-up and Mayors Dadeland now includes our second CHANEL branded space. Going forward, we will continue to refurbish and expand our showroom network. In June 2023, we launched our first new contemporary showroom concept for Mappin & Webb in York.

Across all showrooms, we have continued to focus on elevating our luxury offer and positioning through design, product selection, full price selling, training and visual merchandising. We have significantly reduced discounting activity across our Betteridge showrooms. We have also secured additional square feet at both the Greenwich and Aspen showrooms to further extend the space and brand line-up in the future.

Client experience and events continue to form a critical part of our strategy in both the UK and US to build and strengthen relationships. We also continue to focus on campaigns to reinforce our marketing messages and journeys offline and online.

In the US, we debuted a ground-breaking Mayors advertising campaign titled 'To Catch the Shimmer'. In the UK, showroom activations have provided numerous opportunities for client engagements.

XENIA

Following the successful launch of our Xenia Client Experience Programme in October 2021, the focus in FY23 has been on embedding the Xenia Client Experience Programme into our organisation as we continue to deliver world-class client experiences.

LINK TO STRATEGY

Xenia is our elevated Client Experience Programme, which has been introduced throughout the Watches of Switzerland Group. It is at the heart of everything we do, but is especially important when it comes to providing exceptional experiences for our clients – both external and internal.

Our Xenia initiative is based on three pillars: Know Me; WOW Me; Remember Me and provides the universal standard for all our retail and support services. Xenia is based on the power of 'WOW' and is how we can build an advantage over our competitors. The opportunity to 'WOW' starts before the client steps through the door of one of our showrooms and our retail teams strive to go above and beyond to deliver an exceptional client experience.

We launched the Xenia initiative last fiscal year – holding a conference in Miami for our US colleagues and London for our UK colleagues. To support us on our journey, we engaged The Ritz-Carlton Leadership Centre, who have been instrumental in supporting global brands in the development of their client experience. This was a pivotal moment in our decision-making to take the benefits of 5-star hospitality and bring them to showroom level. From there, we designed and delivered the new Watches of Switzerland Group Global Standards which we cascaded throughout April 2022 to all retail colleagues.

This year the focus has been on embedding our Xenia standards into our organisation. This has been achieved through investment in training and leadership. In addition, continually assessing our client experience and satisfaction across multiple touch points in the UK and the US in line with Xenia principles.

In the UK, our Voice of the Client survey provides us with valuable real-life feedback about clients' experiences. 90% of our surveyed clients rate their interactions with our showroom colleagues as either 9 or 10 out of 10 in their feedback. 7 out of 10 surveyed clients felt their visits went above and beyond their expectations, which is an essential pillar of our client experience ethos.

We further measure our client experience success through emotional drivers where we achieved an outstanding over 90% connection with our clients in emotional forces 'Status', 'Certainty' and 'Fair Treatment'. Our UK Net Promoter Score (NPS) also remains consistently world class at over 80%.

We carry out multiple mystery shop programmes to measure the consistency in delivering on our Xenia client experience principles and brand standards for luxury service. Results from these programmes show than on over 93% of occasions our clients are made to feel at ease before the consultation had commenced. Clients are engaged with the showroom teams demonstrating expertise, confidence, and passion in over 90% of occasions. Also, the emotional connection was sparked for 8 out of 10 clients during their initial visits, with a conscious effort to build a personal rapport with the client, and exceptional first impressions made by our colleagues in these situations.

We continue to enhance and improve our clients' online journey, with 9 out of 10 clients from our online mystery shop programme rating our website 'very easy to use' and 'very easy to complete their purchase' with three quarters feeling the product information and imagery was 'excellent'.

We actively promote reviews through Trustpilot for online clients. In the UK our Trustpilot scores average is 4.5 out of 5.0, and our organically generated Google Reviews have achieved an average rating of 4.5 out of 5.0 across all our UK fascia brands.

In the US, we actively track Google reviews using Podium software in our boutiques, where we have achieved an excellent 4.9 out of 5.0 rating, and our US Trustpilot scores average 4.7 out of 5.0.

The success of these measures is at the core of the delivery of our Client Experience Programme as we continue to evolve in line with our clients' changing needs. Our clients remain at the centre of everything we do.

"We have developed a reputation for delivering world class luxury client service. Xenia represents the latest in our continual pursuit to elevate the client experience ever further, taking inspiration from the world of luxury hospitality."

BRIAN DUFFY
CEO


MAYORS

PRE-OWNED

We are delighted with the performance of our pre-owned business in FY23, as we embed pre-owned across our business and continue to invest in the category. We are looking forward to working in partnership with Rolex as we launch the Rolex certified pre-owned programme in FY24 in both the UK and US.

LINK TO STRATEGY

The pre-owned watch market is continuing to attract significant interest as a result of growing buyer interest and a shortage of models from brands like Rolex, Patek Philippe, Audemars Piguet, OMEGA, Cartier and Vacheron Constantin.

The Watches of Switzerland Group gives clients the opportunity to purchase pre-owned timepieces either in our showrooms or online across our showroom fascia both in the UK and US. In September 2020, the Group purchased Analog:Shift, a US seller in pre-owned timepieces, and together we provide authenticity, trust and value to a largely unregulated segment of the industry.

In FY23, our pre-owned business grew strong double digits vs FY22. During the year we have focused on further embedding pre-owned across our business as we continue to invest in the category.

In both the UK and US, we have expanded into new doors more than doubling our showroom footprint in the US to 23 showrooms in FY23, as well as taking the business online through our online platforms. The significant pace of growth reflects our commitment to offering high-quality, unique timepieces that appeal to collectors and enthusiasts as we continue to attract new customers.

We also completely designed our 'Sell My Watch' journey online to improve the intake of pre-owned watches, enabling us to meet increased client demand.

In both the UK and US, we continue to invest in expanding our capacity to repair and service timepieces. This includes a new 6,000 square foot Repairs and Servicing Centre in Leicester which will open in FY24. This project alone will allow us to more than double the number of highly skilled and accredited watchmakers we employ across our Group.

During the year, we partnered with Goop, the Gwyneth Paltrow owned, lifestyle and wellness brand, in the US on several exclusive pre-owned timepieces generating over 1 million media impressions across digital and social advertising.

During the year Rolex launched the Rolex certified pre-owned programme, offering the opportunity to purchase from its official retailers pre-owned watches that are certified as authentic and guaranteed by the brand. The Watches of Switzerland Group is working in partnership with Rolex to launch this programme in FY24 in the UK, US and online with full marketing support to raise awareness for both buy in and sell out, and will be supplemented by our Virtual Watch and Jewellery Boutique.

Our ambition in our Long Range Plan is to support circularity by extending the life of luxury watches, measured by the number of watches repaired, serviced or re-sold as a percentage of the number of new watch sales.

KEY PERFORMANCE INDICATORS

HOW THE GROUP MEASURES PERFORMANCE

Key Performance Indicators (KPIs) are designed to measure the development, performance and position of the business. Certain KPIs are Alternative Performance Measures (APMs) and the Directors use these measures as they believe they provide additional useful information and analyses on the underlying trends, performance and position of the Group. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measures.

In line with our heightened focus on ESG, an additional metric focusing on the circularity of luxury watches has been introduced in FY23. To ensure APMs are balanced between Financial and Non-Financial performance, 4-Wall EBITDA % has been removed. 4-Wall EBITDA % is disclosed in the Financial Review section on page 45, whilst Adjusted EBIT continues to be a KPI for the Group.

FINANCIAL PERFORMANCE

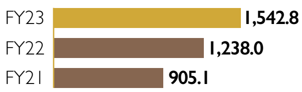
REVENUE

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)



Revenue grew by 25% to deliver another record year. This is in line with market guidance given.

Further details on the revenue performance in the year can be found in the Financial Review on pages 45 to 49.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 8 9

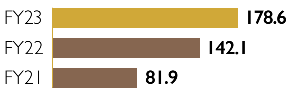
OPERATING PROFIT/EBIT

DEFINITION AND PURPOSE

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

Growing profit is a key pillar of our business strategy.

PERFORMANCE (£ MILLION)



Operating profit grew by 26% in the year, ahead of revenue growth. This is in line with market guidance given.

Further details on profit performance in the year can be found in the Financial Review on pages 45 to 49.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 8 9 10

ADJUSTED EBIT

DEFINITION AND PURPOSE

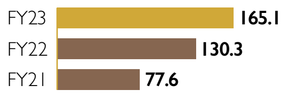
Operating profit before exceptional items and IFRS 16 impact. This is a measure of profitability that excludes one-off exceptional items and IFRS 16 adjustments to allow for comparability between years.

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.

Growing profit is a key pillar of our business strategy.

This measure was linked to the Executive performance target for the FY23 annual bonus. Further detail can be found in the Remuneration Committee Report on page 163.

PERFORMANCE (£ MILLION)



Adjusted EBIT increased by 27% on the prior year, ahead of revenue growth demonstrating good cost management. This is in line with market guidance given.

Further details on profit performance in the year can be found in the Financial Review on pages 45 to 49.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 8 9

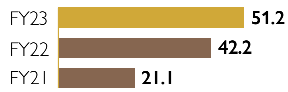
BASIC EPS

DEFINITION AND PURPOSE

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

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

PERFORMANCE (p)



Basic EPS has grown from 42.2p to 51.2p in the year, reflecting the increase in profitability in the year.

For further detail please refer to note 9 in the statutory accounts on page 204.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 8 9 10

PRINCIPAL RISKS AND UNCERTAINTIES

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

STRATEGIC PRIORITIES

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

ADJUSTED EPS

DEFINITION AND PURPOSE

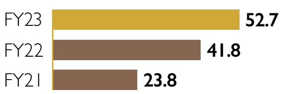
Basic Earnings Per Share adjusted for exceptional items as disclosed in note 4 to the Financial Statements. This measure is reconciled to statutory measures in note 9 to the Financial Statements.

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.

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

This measure is linked to the Executive performance target for the LTIP incentives. Further detail can be found in the Remuneration Committee Report on page 163.

PERFORMANCE (p)



FY23 Adjusted EPS increased by 26% relative to the prior year, reflecting the increase in profitability during the year.

For further detail please refer to note 9 in the statutory accounts on page 204.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 3 4 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 pages 230 to 232.

ROCE demonstrates the efficiency with which the Group utilises capital, and is a key pillar of our business strategy.

This measure is linked to the Executive performance target for the LTIP incentives. Further detail can be found in the Remuneration Committee Report on page 163.

PERFORMANCE (%)

ROCE has increase by 50bps to 27.9% in the year. The increase largely reflects the increase in Adjusted EBIT and demonstrates improved capital efficiency.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 8 10

CASH GENERATED FROM OPERATIONS

DEFINITION AND PURPOSE

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

PERFORMANCE (£ MILLION)

Cash generated from operations increased by £52.6 million.

Further details on cash flow performance in the year can be found in the Financial Review on pages 45 to 49.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 8 10

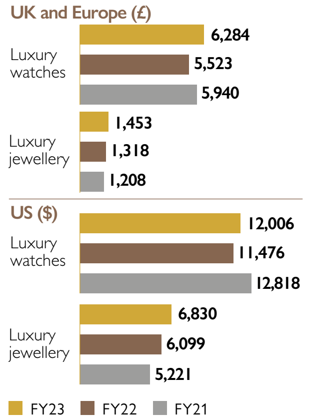
AVERAGE SELLING PRICE

DEFINITION AND PURPOSE

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

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

PERFORMANCE



The total luxury watches and luxury jewellery ASP has increased in all geographies due to pricing and the mix of products sold.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 8

KEY PERFORMANCE INDICATORS
continued

PRINCIPAL RISKS AND UNCERTAINTIES

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

STRATEGIC PRIORITIES

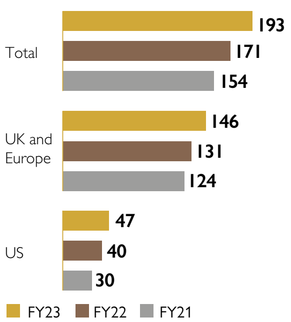
- Grow revenue, profit and Return on Capital Employed
- Enhance strong brand partnerships
- Deliver an exceptional client service
- Drive client awareness and brand image
- Leverage best in class operations
- Expand multi-channel leadership
- Continue to advance the ESG agenda

NON-FINANCIAL PERFORMANCE

NUMBER OF SHOWROOMS

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

PERFORMANCE



In the UK and Europe, the Group opened 21 showrooms and closed six. In the US, the Group opened six showrooms and acquired one showroom.

Our 193 showrooms includes 80 dedicated mono-brand boutiques.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

1 2 4 11

COLLEAGUE ENGAGEMENT SURVEY

DEFINITION AND PURPOSE
Strong engagement is an important indicator of culture, retention, productivity and ultimately business performance. In line with our commitment to complete an annual Company-wide Colleague Engagement Survey, our most recent survey was completed in January 2023.

COLLEAGUE ENGAGEMENT (%)

Colleague engagement in the year was measured at 81%, a slight decrease from 86% in the prior year, but significantly higher than the average for the retail sector.

Further detail can be found in the Environmental, Social and Governance section on page 71.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

4 11

ESG – CARBON EMISSIONS

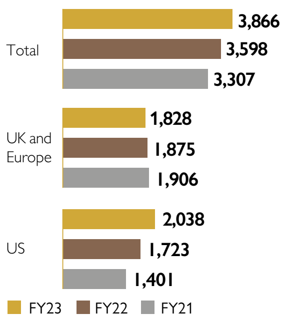
DEFINITION AND PURPOSE
The Board has a commitment to achieve net-zero emissions by 2050.

This KPI reflects the Group's near-term commitment to reduce Scope 1 and 2 carbon emissions by 50% by 2030.

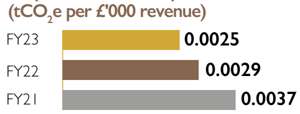
The KPI reported is the total gross Scope 1 and Scope 2 emissions (tCO_2e).

In FY23, the Science Based Targets initiative (SBTi) have provided external validation of our near-term emissions reduction target.

PERFORMANCE (tCO_2e)



Scope 1 and 2 intensity ratio (tCO_2e per £'000 revenue)



Absolute carbon emissions have increased in line with increased showroom numbers, however our intensity ratio is reducing in line with initiatives in place. Further detail can be found in the Environmental, Social and Governance section on page 104.

LINK TO STRATEGY

LINK TO PRINCIPAL RISKS AND UNCERTAINTIES

7 8 9 11

ESG – CIRCULARITY

DEFINITION AND PURPOSE
Supporting circularity of luxury watches, measured by the number of watches repaired, serviced or resold as a percentage of the number of new watch sales. This new metric aligns to our ESG pillars.

PERFORMANCE

This indicator pertains to our goal to extend the life of luxury watches. FY23 was in line with the prior year, and we intend to increase circularity year-on-year.

LINK TO STRATEGY

LINK TO KEY PRINCIPAL RISKS AND UNCERTAINTIES

8 9 11


HUBLOT
SWISS MADE

“I am pleased to report an increase in Group profitability, delivering leverage and strong cost control in an inflationary environment.”

ANDERS ROMBERG
CFO

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

All growth rates in this report are calculated on unrounded numbers.

Income Statement – post-IFRS 16 and exceptional items (£million)	52 weeks ended 30 April 2023	52 weeks ended 1 May 2022	YoY variance
Revenue	**1,542.8**	**1,238.0**	**25%**
Operating profit	**178.6**	**142.1**	**26%**
Net finance cost	(23.8)	(15.9)	(50)%
Profit before taxation	**154.8**	**126.2**	**23%**
Taxation	(33.0)	(25.2)	(31)%
Profit for the financial period	**121.8**	**101.0**	**21%**
Basic Earnings Per Share	**51.2p**	**42.2p**	**21%**

Management monitor and assess the business performance on a pre-IFRS 16 and exceptional items basis, which is shown below. This aligns to the reporting used to inform business decisions, investment appraisals, incentive schemes and debt covenants. A full reconciliation between the pre- and post-IFRS 16 results is shown in the Glossary on pages 230 to 232.

Income Statement – pre-IFRS 16 and exceptional items (£million)	52 weeks ended 30 April 2023	52 weeks ended 1 May 2022	YoY variance
Revenue	**1,542.8**	**1,238.0**	**25%**
Net margin[1]	**576.3**	**470.6**	**22%**
Showroom costs	(279.2)	(226.7)	(23)%
4-Wall EBITDA[1]	**297.1**	**243.9**	**22%**
Overheads	(84.1)	(73.3)	(15)%
EBITDA	**213.0**	**170.6**	**25%**
Showroom opening and closing costs	(11.6)	(8.4)	(40)%
Adjusted EBITDA[1]	**201.4**	**162.2**	**24%**
Depreciation, amortisation and loss on disposal of fixed assets	(36.3)	(31.9)	(13)%
Segment profit (Adjusted EBIT)[1]	**165.1**	**130.3**	**27%**
Net finance costs	(5.9)	(3.7)	(55)%
Adjusted profit before taxation[1]	**159.2**	**126.6**	**26%**
Adjusted Earnings Per Share[1]	**52.7p**	**41.8p**	**26%**

1 Refer to the Glossary on pages 230 to 232 for definition and reconciliation to statutory measures where appropriate.

REVENUE

Revenue by geography and category

52 weeks ended 30 April 2023 (£million)	UK and Europe	US	Total	Mix
Luxury watches[2]	749.6	586.5	1,336.1	87%
Luxury jewellery[3]	67.8	51.4	119.2	7%
Other/services	72.5	15.0	87.5	6%
Total revenue	**889.9**	**652.9**	**1,542.8**	**100%**

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

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

Group revenue increased by 25% (19% on a constant currency basis) to £1,542.8 million.

UK and Europe revenue increased by 10% during the year, through a combination of continued strong demand, benefits from pricing, investment in the showroom portfolio, new showrooms and strong clienteling activity by the Group. Consumer appetite for products remained strong and, in many instances, well above the levels that the Group is able to supply. Our showroom colleagues continued to build strong client relationships through Xenia, our elevated Client Experience Programme, backed up by strong digital marketing campaigns and offline marketing events to showcase product. Clients continue to have the option to choose their experience through in-person appointments or online through the Luxury Watch and Jewellery Virtual Boutique.

During the year, the UK opened five showrooms at the iconic Battersea Power Station in London (one multi-brand showroom and four mono-brand boutiques) and a further ten mono-brand boutiques in the UK. Six showrooms were closed giving a net increase of nine in the UK. In the year, 12 refurbishments were completed enhancing our existing estate to further elevate the partner brands we display in those showrooms and advance our client experience. Tourist sales remain very low, but there has been consistent performance improvement at airports. The Group also opened its first six mono-brand boutiques in Europe (three in Sweden, two in Denmark and one in the Republic of Ireland).

US revenue increased by 52% year-on-year (35% on a constant currency basis) and the US business made up 42% of the Group's revenue in FY23 (FY22: 35%). Underlying growth (+27% excluding acquisitions at constant currency) was strong across all locations with continued consumer appetite for high demand and other products. Key locations in Florida (Mayors), Las Vegas (Wynn Resort), and New York all delivered significant growth. This was accomplished through a quality product offering, superior client experience and backed up by strong marketing campaigns which had significant reach across offline and online channels.

During the year, the US opened six mono-brand boutiques and completed the acquisition of one showroom in New Jersey. The acquired showroom is now branded Watches of Switzerland and features Rolex, TUDOR, Cartier and a significant luxury jewellery offering. The Group also annualised the acquisition of five showrooms from the previous year (three under the Betteridge brand and two showrooms now branded Watches of Switzerland). Our US ecommerce platform has continued to grow, and sales of vintage and pre-owned luxury watches have been encouraging.

Group revenue from luxury watches grew by 28% and made up 87% of revenue in line with the prior year. Pre-owned revenue grew by strong double digits, with pricing and margin maintained.

Group luxury jewellery revenue grew by 10%. UK luxury jewellery sales declined by 6% versus the prior year, where FY23 saw a more competitive market environment including discounting. Luxury jewellery revenue in the US showed strong underlying growth and was further supported by the prior year acquisition of the Greenwich Betteridge showroom and the opening of our first BVLGARI mono-brand boutique. The US focused on the sale of full price items and the elimination of discounting in the year.

Other/services revenue, consisting of servicing, repairs, insurance services and the sale of fashion and classic watches and other non-luxury jewellery grew by 6%.

Group ecommerce sales increased 3% compared to the prior year.

PROFITABILITY

Income Statement – pre-IFRS 16 and exceptional items (£million)	Profitability as a % of revenue 52 weeks ended 30 April 2023	 52 weeks ended 1 May 2022	 YoY variance
Net margin	37.4%	38.0%	(60bps)
Showroom costs	18.1%	18.3%	20bps
4-Wall EBITDA	19.3%	19.7%	(40bps)
Adjusted EBITDA	13.1%	13.1%	–
Adjusted EBIT	10.7%	10.5%	20bps

Net margin as a % of revenue was 37.4% in the year. This was 60bps lower than the prior year driven by product mix and higher costs of Interest Free Credit due to interest rate rises in the UK and US, partly mitigated by reduced promotional discounts on jewellery.

Showroom costs increased by £52.5 million (+23%) from the prior year, to £279.2 million. This reflects the opening of new showrooms and the annualisation of prior year openings. Showroom costs as a percentage of revenue reduced by 20bps from 18.3% to 18.1%, reflecting leverage of costs. Showroom payroll costs increased by £18.7 million including the impact of new showrooms, commission on additional revenue, and annual pay rises to colleagues. Property related costs increased from FY22 by £20.4 million, driven by our increased showroom portfolio and the reintroduction of UK business rates following their suspension during the pandemic (+£5.0 million versus FY22). Variable showroom costs increased in line with revenue.

Overheads increased by £10.8 million (+15%) due to additional investment in headcount, IT costs and marketing events to support growth.

Showroom opening and closing costs include the cost of rent (pre-IFRS 16), rates and payroll prior to the opening or closing of showrooms, or during closures when refurbishments are taking place. This cost will vary annually depending on the scale of expansion in the year. Total costs for the year were £11.6 million versus £8.4 million in FY22, reflecting the increased number of refurbishments and openings undertaken.

Exceptional items

Exceptional items are defined by the Group as those which are significant in magnitude or are linked to one-off events which are expected to be infrequent in nature.

Exceptional items (£million)	52 weeks to 30 April 2023	52 weeks to 1 May 2022
Legal expenses on business acquisition	0.9	0.5
Reversal of showroom impairment	(0.7)	(0.4)
Amortisation of capitalised transaction costs	0.7	–
IPO costs	–	1.5
Total	**0.9**	**1.6**

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

During FY23 the estimated 'value-in-use' recoverable amounts were reassessed taking into account FY23 performance and the latest discounted cash flow for each showroom. As a result of improved trading, an impairment reversal has been made at the year end, where the original impairment had been made through exceptional items.

After the year end, on 9 May 2023, the Group entered into a new financing arrangement by way of a £225.0 million multicurrency revolving loan facility. On this date the existing £120.0 million UK Term Loan and Revolving Credit Facility of £50.0 million were extinguished. The capitalised transaction fees in relation to the existing facilities have been accelerated through exceptional items.

IPO costs of £1.5 million in the prior year related to IPO-linked share-based payments. The shares vested and were settled in the prior year, and there will be no further costs of this nature.

Adjusted EBIT and statutory operating profit

As a consequence of the items noted above, Adjusted EBIT was £165.1 million, an increase of £34.8 million (+27%) on the prior year.

After accounting for exceptional costs of £0.2 million and IFRS 16 adjustments of £13.7 million, statutory operating profit (EBIT) was £178.6 million, an increase of 26% on the prior year.

Finance costs

Net finance costs (£million)	52 weeks ended 30 April 2023	52 weeks to 1 May 2022
Pre-IFRS 16 finance costs, excluding exceptionals	**5.9**	**3.7**
IFRS 16 interest on lease liabilities	17.2	12.2
Total net finance costs, excluding exceptionals	**23.1**	**15.9**

Interest payable on borrowings increased in the year, reflecting higher market lending rates.

The IFRS 16 interest on lease liabilities increased by £5.0 million due to recent additions to the lease portfolio and increased discount rates used for new leases.

Taxation

The pre-IFRS 16 effective tax rate for the year was 21.4%. This is higher than the UK tax rate of 19.5% largely as a result of higher taxes chargeable on US profits (26.5% including federal and state taxes). The effective tax rate reported under IFRS 16 was 21.4%.

BALANCE SHEET

Balance Sheet (£million)	30 April 2023	1 May 2022
Goodwill and intangibles	200.4	183.2
Property, plant and equipment	154.4	112.5
Right-of-use assets	359.1	293.6
Inventories	356.0	302.6
Trade and other receivables	19.8	22.3
Trade and other payables	(219.6)	(201.4)
Lease liabilities	(410.4)	(340.6)
Net cash[1]/(debt[1])	16.4	(14.1)
Other	(6.8)	3.2
Net assets	**469.3**	**361.3**

1 Refer to the Glossary on pages 230 to 232 for definition and reconciliation to statutory measures where appropriate.

The prior year balances have been restated to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge'). The net impact was a reduction in inventory and deferred tax asset, with the corresponding entry to the goodwill balance.

Goodwill increased as a result of the US acquisition in the year, which gave rise to £18.2 million of goodwill, in addition to a £0.5 million adverse exchange impact. A further £2.7 million of computer software additions were made in the year as part of ongoing IT developments, offset by amortisation of £3.2 million.

Property, plant and equipment increased by £41.9 million in the year. Additions of £75.0 million were offset by depreciation of £32.3 million, and a loss on disposal of £0.8 million.

Including software costs, which are disclosed as intangibles, capital additions (including accruals) were £77.7 million in the year of which £73.0 million (FY22: £41.0 million) was expansionary. Expansionary capex relates to new showrooms, relocations or major refurbishments (defined as costing over £0.25 million). In the year, the Group opened 27 new showrooms, and refurbished 13 showrooms. Investment in our portfolio is paramount to our strategy and the Group follows a disciplined payback policy when making capital investment decisions.

Right-of-use assets increased by £65.5 million in the year, to £359.1 million. Additions to the lease portfolio along with lease renewals or other lease changes (including impairment reversal of £0.2 million) were £117.1 million. This has been offset by depreciation of £50.3 million and an adverse foreign exchange impact of £1.3 million.

Lease liabilities increased by £69.8 million in the year. The portfolio changes noted above increased the lease liability by £112.9 million. Interest charged on the lease liability was £17.2 million along with a favourable exchange impact of £1.1 million. Lease payments were £59.2 million, giving a lease liability balance of £410.4 million.

Inventory levels increased by £53.4 million (+18%) compared to the prior year. New showrooms and acquisitions accounted for £28.0 million of the increase. The balance of £25.4 million is a like for like increase in showroom inventory that supports the sales growth, and is reflective of price increases on a number of brands, in addition to an increase in average product prices. The inventory obsolescence risk remains low.

Trade and other receivables decreased by £2.5 million compared to FY22. Overall the balance remains relatively low and represents prepayments, rebate receivables, rent deposits and other ad hoc receivables such as property contributions.

Trade and other payables increased by £18.2 million compared to FY22. The increase principally relates to an increase in the inventory trade payable aligned with the increased inventory in the year. The increase is also as a result of higher operational liabilities in line with the business expansion.

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

Net debt and financing

Net cash on 30 April 2023 was £16.4 million, an increase of £30.5 million since 1 May 2022, driven by £145.8 million of free cash flow[1] offset by £67.5 million of expansionary capex, £24.9 million relating to acquisitions and £21.3 million for the purchase of own shares to satisfy management incentives.

Net debt post-IFRS 16 was £394.0 million. The value comprises the pre-IFRS net cash of £16.4 million and the £410.4 million lease liability.

During FY23 the Group had the following financing facilities in place:

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

The US ABL facility expired in April 2023. On 4 June 2019, the Group entered into a facility consisting of a UK Term Loan for £120.0 million and a UK RCF of £50.0 million. The UK Term Loan was fully drawn as at 30 April 2023.

After the year end, on 9 May 2023, the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The new facility will use UK SONIA +1.50% to +2.55%. The existing facilities were repaid and extinguished on this date.

CASH FLOW

Cash flow (£million)	52 weeks ended 30 April 2023	52 weeks to 1 May 2022
Adjusted EBITDA[1]	**201.4**	**162.2**
Share-based payments	3.5	1.7
Working capital	(22.5)	(29.8)
Pension contributions	(0.7)	(0.7)
Tax	(26.6)	(15.6)
Cash generated from operating activities	**155.1**	**117.8**
Maintenance capex	(4.6)	(3.0)
Interest	(4.7)	(2.7)
Free cash flow[1]	**145.8**	**112.1**
Free cash flow conversion[1]	**72.4%**	**69.1%**
Expansionary capex	(67.5)	(41.0)
Acquisitions	(24.9)	(44.1)
Purchase of own shares	(21.3)	–
Exceptional items – legal expenses on business acquisitions	(0.9)	(0.5)
Cash flow	**31.2**	**26.5**

1 Refer to the Glossary on pages 230 to 232 for definition and reconciliation to statutory measures where appropriate.

Free cash flow increased by £33.7 million to £145.8 million in the year to 30 April 2023 and free cash flow conversion was 72.4% compared to 69.1% in the prior year.

Strong cash flow from trading (Adjusted EBITDA increased by £39.2 million), was offset by a £22.5 million adverse working capital movement, driven by the inventory increase in the year as noted above.

Tax cash payments increased to £26.6 million in line with the higher profit generated in the year.

Expansionary capex of £67.5 million (after taking into account the associated creditors movement) was higher than the prior year due to an increase in new showroom openings and refurbishments.

£21.3 million of own shares were purchased in the year to satisfy employee share incentive schemes.

RETURN ON CAPITAL EMPLOYED (ROCE)[1]

	52 weeks to 30 April 2023	52 weeks to 1 May 2022
ROCE[1]	27.9%	27.4%

FY23 ROCE is 27.9%, an increase of 50bps in comparison to the prior year. This is as a consequence of Adjusted EBIT increasing by +27%, compared to the increase in average capital employed of 24%.

1 Refer to the Glossary on pages 230 to 232 for definition and reconciliation to statutory measures where appropriate.

SHOWROOM PORTFOLIO

As at 30 April 2023, the Group had 193 showrooms, the movement in showroom numbers is included below:

	UK multi-brand showrooms	UK mono-brand boutiques	Europe mono-brand boutiques	Total UK and Europe	US multi-brand showrooms	US mono-brand boutiques	Total US	Total Group
1 May 2022	**93**	**38**	**–**	**131**	**23**	**17**	**40**	**171**
Openings	1	14	6	**21**	–	6	**6**	**27**
Acquisitions	–	–	–	**–**	1	–	**1**	**1**
Closures	(5)	(1)	–	**(6)**	–	–	**–**	**(6)**
30 April 2023	**89**	**51**	**6**	**146**	**24**	**23**	**47**	**193**

NON-FINANCIAL INFORMATION STATEMENT

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

This Non-Financial Information Statement highlights information necessary for an understanding of the Company's development, performance, position and impact of its activity, information relating to environmental, colleagues, social matters, respect for human rights, anti-bribery, corruption and fraud matters.

ENVIRONMENT

Key matters	Relevant policies and procedures	Further information
Taking action on climate change	Our ESG Partner Standards set out our net-zero goals and the actions we need to take within our value chain to achieve them. We report in line with the recommendations of the Task Force on Climate-related Financial Disclosures.	See pages 83 to 105
Reducing our impact on the environment	Our Environment Policy, Vendor Code of Conduct and ESG Partner Standards promote the efficient use of resources and energy in our supply chain and ensures a Group-wide commitment to continual improvement and compliance with environmental legislations and regulations.	See pages 83 to 89
Providing sustainable solutions	Our Modern Slavery Statement includes key performance indicators, which includes a target to increase our suppliers mapped onto EcoVadis, the global sustainability ratings platform.	See page 108

COLLEAGUES

Key matters	Relevant policies and procedures	Further information
Encouraging colleagues to raise matters of concern	Where colleagues have concerns about suspected wrongdoing, misconduct or malpractice connected to the Group they can report such concerns on a confidential and anonymous basis, and without fear of retaliation, using our Whistleblowing Policy and procedures.	See page 111
Investing in our people and a diverse workforce	Our Diversity & Inclusion Policy was reviewed during the year and ensures that colleagues are treated fairly and equally and that diversity and inclusion is embraced. We also offer learning and development opportunities to equip colleagues with the skills and experience they need to succeed and grow in their roles.	See pages 64 to 66
Providing our colleagues with a safe working environment	During the year, the Board approved an updated Health & Safety Policy. We are committed to maintaining safety standards that comply with legislation and enable colleagues to be confident that their workplace is safe.	See page 72

SOCIAL MATTERS

Key matters	Relevant policies and procedures	Further information
Developing responsible supply chains	Our Vendor Code of Conduct and ESG Partner Standards include measures that we take to ensure that products are sourced responsibly and that adequate standards are maintained throughout our supply chain.	See pages 83 to 89
Promoting a healthy corporate culture	Our values underlie the way we conduct business and recognise we will only continue to be successful if we grow profitability and conduct our business in a way which impacts all of our stakeholders in a positive way.	See pages 71 to 72
Business standards of behaviour	Our Code of Ethics ensures that all business is conducted in a fair and ethical manner with the highest levels of integrity and professional standards globally.	See page 111

ANTI-BRIBERY, CORRUPTION AND FRAUD

Key matters	Relevant policies and procedures	Further information
Prevention of bribery, corruption and fraud	Our Anti-Bribery, Corruption & Fraud Policy outlines the behaviours and principles required of colleagues to prevent any form of bribery, corruption or fraud.	See page 111
Promoting ethical supply chains	Our Vendor Code of Conduct defines the principles and standards we expect suppliers to understand and adhere to. This is supported by external audits of suppliers to ensure the highest standards of product resourcing/quality and respect for human rights in our supply chain.	See page 83

RESPECT FOR HUMAN RIGHTS

Key matters	Relevant policies and procedures	Further information
Approach to human rights and modern slavery	Approved annually, by the Board, our Modern Slavery Statement sets out the steps that we take to ensure, as far as possible, that slavery and trafficking do not exist in our supply chain or in any part of our business.	See page 108

A description of our business model can be found on pages 24 to 25

Where Principal Risks have been identified in relation to any of the matters listed above, these can be found on pages 116 to 121

Our Non-Financial Key Performance Indicators can be found on page 42

Find out more in our Governance section on our corporate website thewosgroupplc.com

HOW WE ENGAGE WITH OUR STAKEHOLDERS

Our key stakeholders are all those parties with an interest in the outcome of our Group's actions. To deliver our strategy in line with our Purpose, we need to understand the priorities of our stakeholders and how to engage with each of them effectively. The Board considers the parties listed here to be those which are identified as most likely to be affected by its principal decisions.

STAKEHOLDER MAPPING

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

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

COLLEAGUES

WHY WE ENGAGE

At the Watches of Switzerland Group, we are committed to giving our colleagues every reason to join, grow and stay with our Group.

Our colleagues care about:

- Job security and future prospects with learning and development opportunities to progress their careers with us
- Regular and relevant communications and having the opportunity to engage with management
- Fair compensation and benefits
- Being part of a diverse, equitable and inclusive workplace
- Taking a position on the environment, sustainability and giving back to the community

HOW WE ENGAGE

- Through development reviews, and regular performance discussions
- Annual Colleague Engagement Surveys, understanding what matters and development of action plans
- Feedback from the Diversity Council
- Colleague representation at the local and global Listening Forum meetings
- Having an innovative, accessible and collaborative two way communication platform
- Presentations by Board members and Senior Management, providing business updates and cascades with the opportunity for questions and discussions
- Ensuring all colleagues have sight of vacancies and opportunities within the Group
- Encouraging participation in charitable activities through fundraising and volunteering

MONITORING THE IMPACT OF OUR ENGAGEMENT

- Receiving feedback from the Designated Non-Executive Director for Workforce Engagement and Senior Management from each colleague Listening Forum
- Monitoring our survey results and performance against targets (this year with a score of 81%)
- Closing the gender pay gap from prior years
- Meeting the prescribed FTSE 350 Women Leaders Review gender balance targets early, and being ranked in the top 20
- Meeting the Parker Review ethnicity targets early

CLIENTS

WHY WE ENGAGE

Our clients are central to all we do. Building relationships and understanding their needs so that at those important moments in life when they want to purchase watches and jewellery. We engage with our clients to:

- Provide our expert knowledge and advice
- Ensure we always give them a memorable experience
- Provide an exceptional client experience through Xenia, our Client Experience Programme
- Ensure we provide a major point of experience which differs from our peers

HOW WE ENGAGE

- Continue to embed Xenia, our Client Experience Programme in retail and throughout the Support Centre
- 1-1 clienteling between showroom colleagues and clients to engage on product launches and services
- Providing memorable client experiences and WOW moments
- Supporting clients with their buying journeys, both in showrooms and online with the Luxury Watch and Jewellery Virtual Boutique
- Engaging through multiple social media platforms
- Continuing with strong client event programmes throughout the UK and US
- Engaging when something does go wrong through our Client Recovery Team

MONITORING THE IMPACT OF OUR ENGAGEMENT

- Our UK Voice of the Client shows 91% of surveyed clients, rate interactions with retail colleagues as 9 or 10 out of 10
- Our client experience success is measured through emotional drivers with an over 73% connection
- Our UK Net Promoter Score (NPS) is world class at over 80%
- Our website is rated 9 out of 10 by clients from 'very easy to use' and 'very easy to complete a purchase'
- Our UK and US Trustpilot, for online clients, scores an average 4.5 and 4.7, out of 5.0, respectively
- Our UK and US Google Reviews score an average 4.5 and 4.9 out of 5, respectively
- Our US client service team averages a two-hour response turnaround time on digital engagement

BRAND PARTNERS & OTHER SUPPLIERS

WHY WE ENGAGE

Built on mutual trust and respect, we recognise the responsibility we undertake to represent the brands and contribute to their long-term value appreciation. We maintain and continue to develop long-standing partnerships through:

- Offering the full range of brand partner products to our clients
- Long-term collaboration on all areas of our business
- Ensuring and developing a socially and environmentally responsible supply chain
- Ongoing meetings and dialogues including clienteling events

HOW WE ENGAGE

- Regular top to top meetings locally and in brand partner head offices in Switzerland
- Regional and local brand partner and supplier events
- Ongoing dialogue, including the launch of exclusive ranges and expanding the mono-brand boutique channel
- Actively identifying distribution opportunities across new markets and new territories
- Collaborating to provide our colleagues with extensive training
- Range planning through sharing market trend data, defining product assortment and providing long-term planning data at micro and macro level
- Collaboration with strategic ESG initiatives, including Vendor Code of Conduct and our new ESG Partner Standards

MONITORING THE IMPACT OF OUR ENGAGEMENT

- Efficient and timely flow of product into the showrooms, including limited editions, exclusives and first to market
- Continual dialogue with clients to ensure alignment with client behaviour
- Expanding our business by assessing and improving market share, and developing our brand representation
- Through uptake to our Supply Chain Management system, EcoVadis
- 100% of our key watches and jewellery suppliers have accepted the terms of the Vendor Code of Conduct or have an equivalent standard
- All new and existing suppliers receive our ESG Partner Standards

“Engagement with all of our stakeholders plays a vital role in delivering our Group strategy. The Board considers all stakeholders as part of our decision-making process.”

IAN CARTER
CHAIR OF THE BOARD

INVESTORS

WHY WE ENGAGE

Continuous engagement with investors helps us to understand their views and priorities, it builds trust and helps secure ongoing support. In turn, investors rely on us to protect and manage investments in a responsible and sustainable way that generates value for them. We engage with our investors to:

- Achieve sustainable growth and superior returns in the share price
- Ensure current and potential investors understand our business, Long Range Plan and strategic objectives
- Promote the strong and robust corporate governance framework that exists
- Promote the Environmental, Social and Governance framework and strategy which is in place

HOW WE ENGAGE

- Meetings and calls between major shareholders and the Chair and Remuneration Committee Chair on governance and remuneration matters
- Hosting Investor Days with guided showroom tours in the UK and in the US along with other in-person events
- Annual General Meeting
- Ongoing dialogue between investors and the CEO and CFO including investor roadshows
- Stock Exchange announcements, press releases and results briefings
- Participation in investor conferences

MONITORING THE IMPACT OF OUR ENGAGEMENT

- Reports from the Chair and other Non-Executive Directors who have direct dialogue with shareholders
- Analysts and broker feedback provided to the Board
- Corporate brokers provide written feedback on market reaction and investor views
- Corporate brokers attended, in person, three scheduled Board meetings
- The Director of Investor Relations & Corporate Affairs participated in over 178 investor meetings and events.

COMMUNITIES

WHY WE ENGAGE

One of our core values is that we care for our communities by engaging and actively supporting those in need. Both The Watches of Switzerland Group Foundation for the UK and the US and the Company support a range of causes including partnerships with The Prince’s Trust, Crisis, Habitat for Humanity and the Fuel Bank Foundation as well as a network of foodbanks in large city centres where colleagues and clients live.

HOW WE ENGAGE

- We support The Watches of Switzerland Group Foundation to drive positive change within the communities we operate
- Donated £1.5 million to the Foundation (£6 million donated since formation)
- Donations to other charities in particular, headline sponsor for the Prince's Trust Palace to Palace Bike Ride and sponsor of the annual Prince's Trust Changemaker award
- Developing volunteering programmes in the UK and the US
- Being signatories to British Retail Consortium’s, ‘Better Jobs’ Diversity & Inclusion Charter
- Being members of HRH Prince of Wales Responsible Business Network, Business in the Community and the Race at Work Charter
- Encourage participation in charitable activities through fundraising and volunteering

MONITORING THE IMPACT OF OUR ENGAGEMENT

Through regular feedback particularly focusing on:

- Updates from the ESG Committee
- Updates from the UK and US Foundation
- Direct feedback from charities
- Feedback from the local and global Listening Forums
- An increase of in 13% colleague volunteering hours compared to FY22

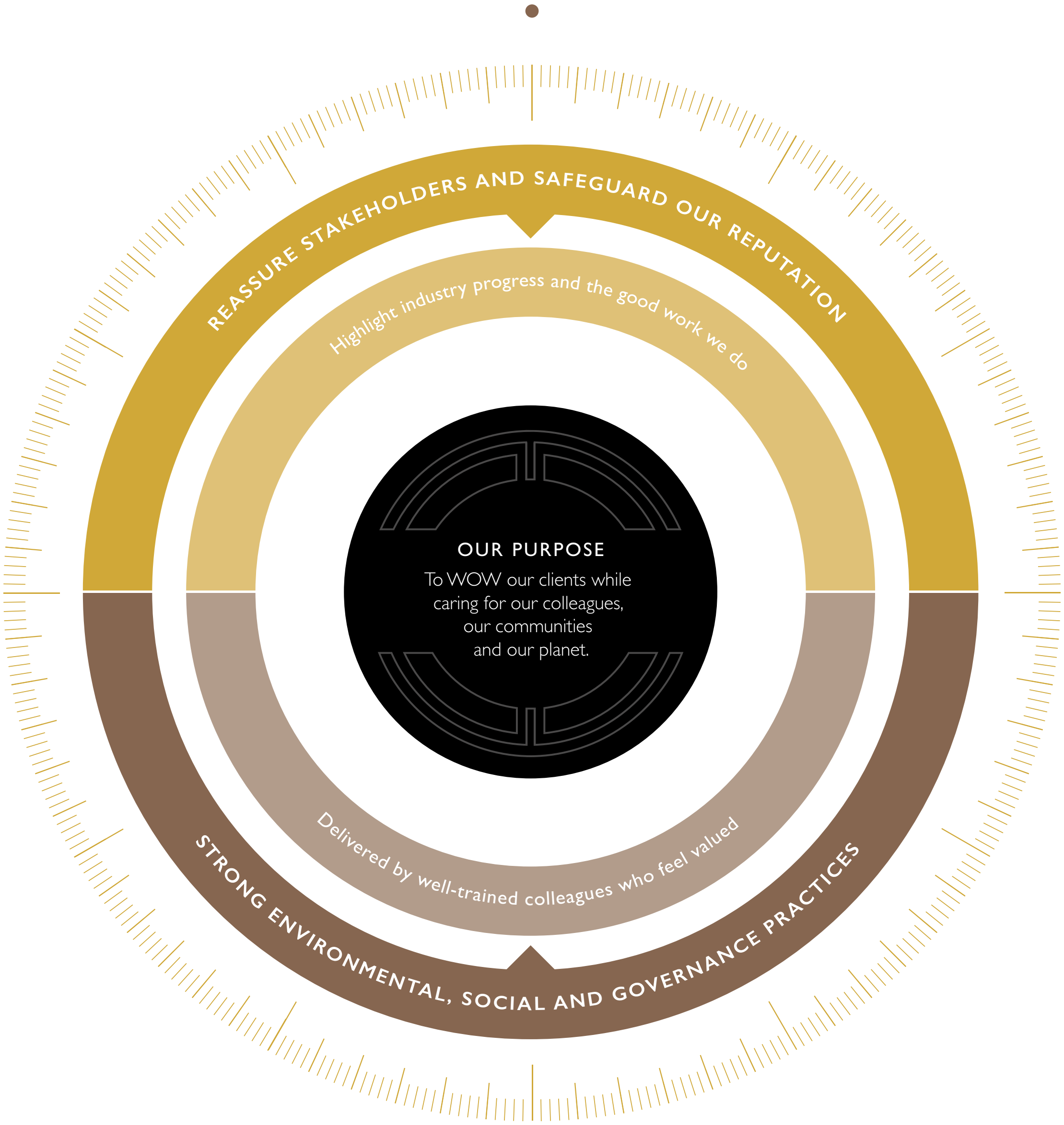
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

CONTENTS

OUR SUSTAINABILITY STRATEGY

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

ESG is an inextricable part of how we do business and environmental and social factors are considered in every decision-making process, at every level of our business.



OUR VALUES

WE EARN TRUST & CONFIDENCE
By being true to ourselves and honest and transparent with our colleagues, our clients and our brand partners

WE TREAT EVERYONE WITH RESPECT
By working together to cultivate a secure and supportive workplace, with equal opportunities and respect

WE DO THE RIGHT THING, ALWAYS
By making the right decisions for the benefit of our colleagues, stakeholders and wider society

WE CARE FOR OUR COMMUNITIES
By actively engaging in our community and supporting those in need

WE PROTECT OUR PLANET
By working with our industry and other stakeholders to minimise our impact on the environment

WE ADVOCATE FOR OUR INDUSTRY
By proactively promoting the interests and responsibilities of the luxury watch and jewellery sectors on our markets

OUR STRATEGIC PILLARS

PEOPLE

GOALS

- Give our people every reason to join, grow and stay with our Group through attracting and retaining talent, building an organisation fit for the future and leveraging our unique culture
- Support our local communities

TARGETS & COMMITMENTS

- Participate in annual engagement survey and deliver progress year-on-year
- Measure diversity and inclusion and deliver progress year-on-year
- External accreditation by Great Place to Work by 2026

SUPPORTING UN SDGS

PLANET

GOALS

- Achieve net-zero carbon by 2050
- Preserve natural resources

TARGETS & COMMITMENTS

- Reduce Scope 1 and 2 GHG emissions by 50% and Scope 3 emissions by 42% by 2030 from a FY20 baseline
- Improve our global CDP score year-on-year

SUPPORTING UN SDGS

PRODUCT

GOALS

- Improve our traceability and sourcing standards and highlight the sustainable attributes of our watches and jewellery
- Support circularity in watches and jewellery through repairs, servicing and our pre-owned business

TARGETS & COMMITMENTS

- Continuous improvement against Key Performance Indicators in our Modern Slavery Statement
- Year-on-year increase in the number of watches repaired, serviced or resold, as a percentage of the number of new watch sales

SUPPORTING UN SDGS

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

In May 2022, we responded to the CDP questionnaire on climate change for the first time and achieved a 'C' score, indicating a strong performance.

In November 2022, we were included in the MSCI index, which is widely recognised as the leader for global equity benchmarks. As of June 2023, the Watches of Switzerland Group received an MSCI ESG Rating of AAA.

In June 2022, we participated in the Business in the Community (BITC) Responsible Business Tracker for the first time, allowing us to benchmark and track our progress in line with the United Nations Sustainable Development Goals. We are set to participate again in September 2023.

In March 2023, our near-term carbon emissions reduction target was verified by the Science Based Targets initiative (SBTi).

The SBTi commended the Group's 1.5°C-aligned target, currently the most ambitious near-term target designation available through the SBTi process.

PARTNERSHIPS TO ACHIEVE THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our business strategy is aligned with the United Nations (UN) Sustainable Development Goals and we support the principals of UN Global Compact, which aims to prioritise and mobilise efforts to drive business action to achieve the Goals by 2030.

We also support the aims of the Watch & Jewellery Initiative 2030, to create a fully sustainable watch and jewellery industry that is resilient to climate change, preserves natural resources and fosters inclusivity.

We are active members of the British Retail Consortium and the UK Government's All-Party Corporate Responsibility Group, as well as the responsible business network, BITC. Through our business and now The Watches of Switzerland Group Foundation, we also enjoy long-standing partnerships with charities including The Trussell Trust and The Prince's Trust.

In August 2022, we partnered with the international social enterprise, Slave-Free Alliance, and are directly benefitting from their expert advice and support to strengthen our approach to human rights and deliver our modern slavery roadmap.

We strongly encourage all supplier partners to align with relevant, well-recognised sustainability certifications and standards, such as the Responsible Jewellery Council Code of Practices, or undertake an EcoVadis sustainability assessment.

ESG GOVERNANCE

APPROACH

Guided by our Purpose and our Value to do the right thing, always, we operate a responsible and ethical business by aspiring to best practice and understanding stakeholder expectations, then making sure we reflect this in our business decisions.

The Board is committed to delivering continuous improvements across our environmental and social activities through collaboration, innovation and directly or indirectly investing in initiatives which benefit our colleagues, clients and local communities, while adding value for supplier partners and investors.

Our ESG risk register ensures a systematic approach to ESG risk management, which allows us to formally monitor our risk profile and manage changes at the appropriate levels while mitigating or removing risks to our business operations before they materialise. Our risk management framework also allows us to identify and act on opportunities arising from a changing climate. More information can be found in our Task Force on Climate-related Financial Disclosures (TCFD) Statement on pages 91 to 105.

MATERIALITY ASSESSMENT

In March 2023, we reviewed our materiality assessment in line with current and emerging trends and incorporated key findings from recent external assessments, such as investor rating agency reports.

This approach builds on our FY22 assessment, when we invited stakeholder groups to participate in a survey to help identify key material issues and support the development of our Sustainability Strategy.

The result is a simplified matrix, which we have used to inform the further development of our Sustainability Strategy and approach. We have mapped this information against our ESG risk framework for full transparency.

After climate change was identified as a material issue to our business and society, we took steps to engage relevant stakeholders, understand and assess our value chain impacts, as well as identify key risks and opportunities to our business, along with financial, operational and reputational impacts. Our findings are reported within our TCFD disclosure on pages 91 to 105.

We will continue to assess the materiality of ESG issues in line with the 'double materiality' requirements within the Corporate Sustainability Reporting Directive (CSRD) and plan to re-engage stakeholder groups early in 2024 following a programme of work to increase stakeholder understanding of environmental and social impacts.

ESG GOVERNANCE

The Group is committed to the highest standards of environmental and social governance and our Board governance structure can be found on page 132.

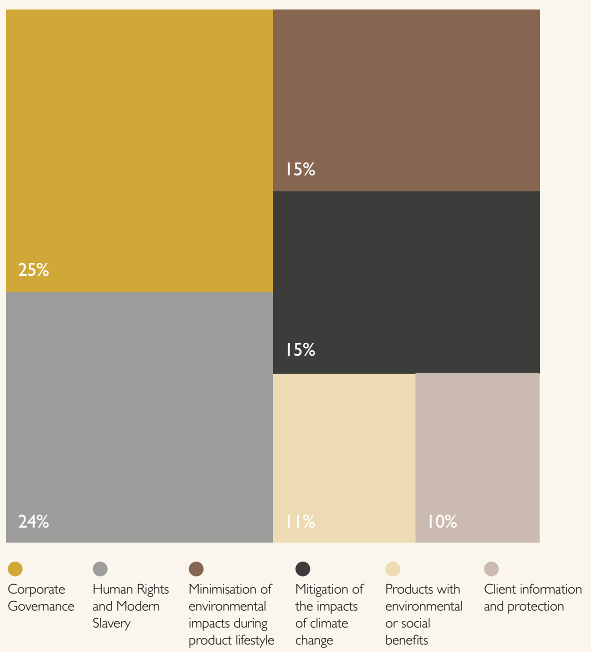
The Board has overall responsibility for sustainability and meeting frequency, and is supported by the dedicated ESG Committee, chaired by Rosa Monckton MBE, Non-Executive Director.

Our ESG Committee meets a minimum of three times a year, plus one meeting dedicated to training, and plays an active role in the development and delivery of the Group's Sustainability Strategy by considering best practice, ratifying key decisions, and providing accountability against KPIs in relation to our three strategic pillars of People, Planet and Product.

The ESG Committee is supported by an ESG Steering Group, which is comprised of members of senior management, each with formal operational responsibility for the management of environmental, social and governance issues. The ESG Steering Group is chaired by our CFO, Anders Romberg, and driven by our experienced Head of Sustainability and ESG, Kesah Trowell.

The ESG Steering Group aims to meet once a month and exists primarily to help mitigate risk, oversee the development of a progressive Sustainability Strategy and ensure its successful delivery across the Group.

STAKEHOLDER PRIORITIES



ESG GOVERNANCE

GOVERNANCE OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

As part of our continual improvement and in acknowledgement of the serious threat posed by climate change, we regularly review our processes to ensure the management of climate-related risks and opportunities is optimised across our Group and value chain.

The Board, led by Ian Carter, has overall responsibility for climate-related issues and stays informed on current best practice in climate governance by maintaining dialogue with peers, policy makers, investors and other key stakeholders and works to ensure material climate-related risks, opportunities and strategic decisions are transparently reported to stakeholders.

The CEO, Brian Duffy, has overall operational responsibility for our Climate Strategy, including the mitigation of climate-related risks and leveraging opportunities identified as a result of a changing climate.

Climate-related risks and opportunities identified over the short, medium and long-term are presented to the Audit & Risk Committee and ESG Committee on an ongoing basis by key representatives from our ESG Steering Group. This process ensures materiality is properly assessed at varying levels of our business and the appropriate action is taken.

The below Governance framework is in place to ensure climate-related risks and opportunities are understood, managed and regularly reported, and that they are integrated into the Group's core business strategy, risk management processes and investment decisions.

CLIMATE GOVERNANCE FRAMEWORK

BOARD

Chaired by Ian Carter and attended by CEO Brian Duffy
Overall responsibility for climate-related policy, mitigation of key climate-related risks and leveraging opportunities

ESG COMMITTEE

Chaired by Non-Executive Director, Rosa Monckton MBE
- Approves Climate Strategy and related targets
- Reviews key climate-related risks and opportunities
- Oversees mitigation strategies
- Ensures appropriate action to meet goals and KPIs
- Ensures adequate resource and funding is in place.

AUDIT & RISK COMMITTEE

Chaired by Non-Executive Director, Robert Moorhead
- Considers climate-related risks as part of the review of principal and emerging risks
- Oversees compliance and progress on reporting
- Reviews internal controls and provides accountability

ESG STEERING GROUP

Chaired by CFO, Anders Romberg
- Defines climate-related goals, targets and KPIs over short, medium and long-term and monitors progress
- Ensures actions to manage identified climate risks and opportunities are embedded into Group risk management processes, core business strategy and financial decision-making

TRADING BOARD

Chaired by CEO, Brian Duffy
- Agrees environmental goals, targets and KPIs
- Embeds actions to manage climate-related risks and opportunities into core business strategy

PLANET WORKING GROUP

Led by CFO, Anders Romberg
- Supports delivery of actions to meet goals & targets
- Identifies opportunities to increase climate resilience and leverage opportunities
- Champions positive behaviour changes
- Embeds climate change culture & mindset

KEY COLLEAGUE LEADS & EXPERTS

Coordinated by Kesah Trowell, Head of Sustainability and ESG
- Identifies climate-related risks and opportunities and assesses how they impact the business and value chain in the short, medium and long-term
- Develops action plans to deliver environmental targets, and tracks progress against targets
- Establishes and reviews effective mitigation and controls to manage climate risks
- Day-to-day delivery of climate goals and management of climate-related risks and opportunities

PRODUCT WORKING GROUP

Led by Eric Macaire, Executive Director Global Buying and Merchandising
- Supports delivery of actions to meet goals and targets
- Identifies opportunities to collaborate across value chain to increase climate resilience and create shared value
- Advocates climate resilience for our industry

ALL COLLEAGUES

Help achieve goals and feed back areas for improvement

KEY HIGHLIGHTS

PEOPLE

At the Watches of Switzerland Group, we are committed to giving our colleagues every reason to join, grow and stay with our Group. FY23 has been a year of investment into colleagues and our People Strategy evidenced by international expansion, stronger capability for the future and investment into the working environment. As we continue to grow our business, we remain committed to our purpose and values, which underpins our strong culture.

Read more from page 62

PLANET

In line with our Purpose, we continue to monitor and improve our environmental performance against industry standards and best practice. This year, we began a supply chain engagement programme with the aim of achieving shared goals, and increased our repairs and servicing capacity to support a more circular economy.

Read more from page 82

PRODUCT

We care about the watches and jewellery we sell, how they are made and who makes them, which is reflected in our responsible sourcing programme. In FY23, we developed new ESG Partner Standards outlining our approach to social and environmental stewardship, which provide guidance around the common practices we expect throughout our global supply chain and in all our dealings, in addition to full compliance with all relevant national and international legislation.

Read more from page 106

HIGHLIGHTS FOR FY23

– Colleague engagement score of 81% with 90% participation
– 22% increase in US participation in 401k retirement plan
– All UK colleagues paid above real living wage and all US colleagues paid above state minimum
– Global EAP support for all colleagues in UK and Europe and launched in US this year
– Ranked #15 in the FTSE 250 Women Leaders Review
– Donated £1.5 million in FY23 to The Watches of Switzerland Group Foundation to support local communities

81%

COLLEAGUE ENGAGEMENT SCORE OF 81% WITH 90% PARTICIPATION

– Near-term science-based emissions targets verified by the SBTi
– Publicly disclosed through CDP questionnaire on climate change for the first time
– Grew our After Sales and Servicing business by 20% year-on-year
– High double digit growth of pre-owned watches sales
– As at May 2023, rated ‘1’ for ISS Environmental Quality Score

100%

UK PROPERTIES POWERED BY RENEWABLE ENERGY

ENVIRONMENTAL QUALITYSCORE 1 HIGHEST RANKED BY ISS ESG

– Exclusive UK launch of the first truly ‘circular’ luxury Swiss watch
– Enhanced our Vendor Code of Conduct
– Entered three-year partnership with the Slave-Free Alliance
– Continued our factory audit programme
– New Executive Director, Global Buying and Merchandising

1st

FULLY CIRCULAR LUXURY SWISS WATCH LAUNCHED

OUR PEOPLE

INTRODUCTION

At the Watches of Switzerland Group, we have created an inclusive culture which gives our colleagues every reason to join and develop long-term careers within our Group. FY23 has been another year of investment into our people who are the key to our success.

As a purpose-led business, our values are at the centre of everything we do.

OUR PURPOSE

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

OUR VALUES

WE EARN TRUST & CONFIDENCE

WE TREAT EVERYONE WITH RESPECT

WE DO THE RIGHT THING, ALWAYS

WE CARE FOR OUR COMMUNITIES

WE PROTECT OUR PLANET

WE ADVOCATE FOR OUR INDUSTRY

OUR PEOPLE STRATEGY

We are committed to our goal of giving our colleagues 'every reason to join, grow and stay' with our Group and each of our supporting strategies is underpinned with clear tactics and measures set over a three-year horizon.

GOAL

To give colleagues every reason to join, grow and stay with our Group.

STRATEGIES

ATTRACT AND RETAIN TALENT

BUILD AN ORGANISATION FIT FOR THE FUTURE

LEVERAGE OUR UNIQUE CULTURE

ATTRACT AND RETAIN TALENT

Attracting, retaining and developing talent is a strategic priority and this year, the focus has been on diversity and inclusion, retention and the ongoing development of our teams.

SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

FY23 PERFORMANCE HIGHLIGHTS

- Over 2,800 colleagues employed globally
- Mean UK gender pay gap has closed further to 21% from 25% in FY22
- 10% colleagues promoted in the last 12 months globally, more than double last year
- In the US, 58% leadership positions internally filled
- 90% of new starters satisfied with UK hiring experience

FY24 AREAS OF FOCUS

- Ethnic and gender diversity in succession pipeline
- Launch of new management development programme
- Implementation of a comprehensive performance management process in US
- Develop global 6 Sigma capability

DIVERSITY AND INCLUSION

Respect is a core value in our Company. We work together to cultivate a secure and supportive workplace with equal opportunities and inclusion at the centre. We actively promote diversity of thought and opinions and we recruit, develop and promote colleagues from different backgrounds. This approach is underpinned by our Diversity and Inclusion Strategy below.

WE ARE BUILDING A MERITOCRACY WHICH IS SUPPORTED BY

INCLUSION
81% inclusivity score in FY23

GENDER BALANCE
All leadership teams are gender balanced

REPRESENTATION
Teams represent the national identity and the race/ethnic mix of the markets in which they operate

STRATEGIC PILLARS TO DEVELOP OUR MERITOCRACY

CARE
Leaders visibly champion diversity and inclusion

RESPECT
Strengthen our inclusive culture

HARNESS
The power of our brands and communities

EQUIP
End to end policy and process alignment

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

BRIAN DUFFY
CEO

Progress against our strategy to date:

– **Inclusion:** 81% of our global colleagues agree in our annual Colleague Engagement Survey that they 'work in an environment where everyone can feel included, respected and accepted for who they are'.

– **Gender balance:** Our percentage of females on our Executive Team and their direct reports is 52%, which has improved from 46% in 2022 and gives us gender balance at the senior levels of the organisation. We define gender balance as at least 40% male or female at leadership team level.

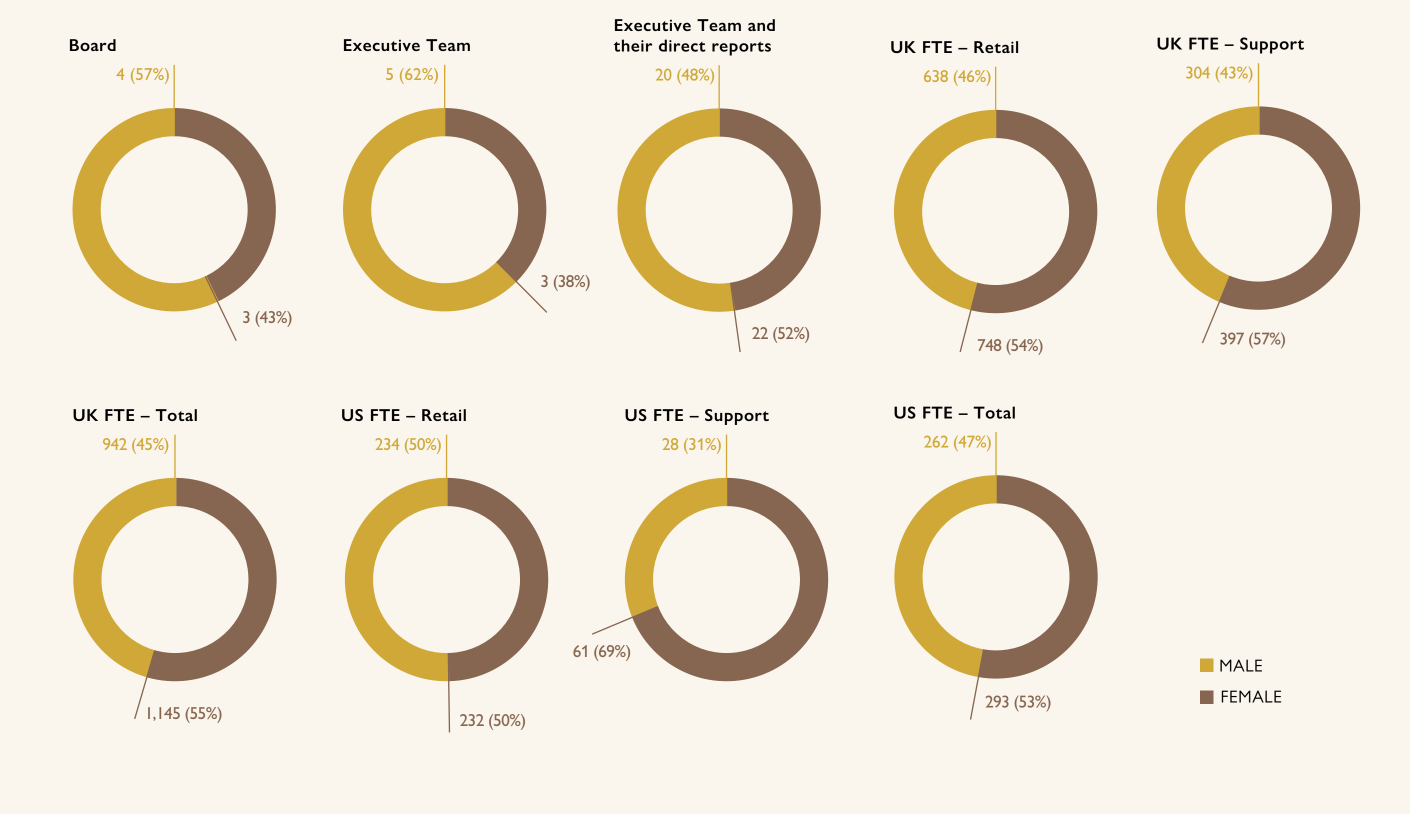
– **Representation:** We have also achieved the target for ethnic diversity at Board level as set out in the Parker Review.

We know that our future leadership team will be achieved by strong succession planning today. We have increased our focus on succession this year through identifying 'mission critical roles' across our business and we continue to review diversity within the pipeline.

We are pleased with the progress of our Diversity Council and in the last year, we have included members from the US and Europe which has resulted in membership of over 35 colleagues. The Group has supported better diversity and inclusion education in the workplace, better benefits for colleagues and regularly provides content on our internal social media pages. Following the success of the Diversity Council, the US has formed a US Diversity Council which has eight active members, and focuses on increasing awareness and education of diversity and inclusion within the US business.

We actively support reverse mentoring programmes and sponsorship of our colleagues. In the last year, we have updated our induction processes to include mandatory training on diversity and inclusion.

COLLEAGUE GENDER STATISTICS AS AT 30 APRIL 2023



81%

OF OUR GLOBAL COLLEAGUES AGREE THAT THEY 'WORK IN AN ENVIRONMENT WHERE EVERYONE CAN FEEL INCLUDED, RESPECTED AND ACCEPTED FOR WHO THEY ARE'

ATTRACTION AND RETENTION

In line with our strategy, we have refocused our teams on talent attraction and retention. We have over 2,800 colleagues globally and our highly skilled colleagues and strong reputation as an employer means that our people are highly attractive to other employers. Our choice is to continue to train our colleagues to the highest standards and give them every reason to stay and grow with our Group. Our key areas of focus are:

– Highest quality product and brand training
– Excellence in recruitment for line managers
– Comprehensive onboarding programmes in all regions focused on building an emotional connection and loyalty for the Watches of Switzerland Group

We have thorough recruitment processes which are designed to give internal and external candidates a positive experience whilst complying with quality and procedural obligations. We use a preferred supplier list to source talent and this is reviewed annually.

We continue to face strong competition in a tough employment market meaning that colleague experience is a priority. We have already taken action in our UK annual pay review to increase pay in retail and enhance our benefits packages and have confirmed our approach to hybrid working this year to support work-life balance. In the US, we have also implemented a 'Stay Survey' with all colleagues when service anniversaries are acknowledged. Our commitment to development is demonstrated by our new Career Conversations toolkit which was piloted this year and will be further rolled out in FY24. All new starters in the US received a customised and personalised new hire process designed to teach operational skills and develop key relationships with internal partners and external brand partners. We have improved our leaver processes and continue to focus on colleague retention. In the US, we have implemented a digital leaver survey with all voluntary leavers in addition to the personal exit interviews conducted with leaders.

90%

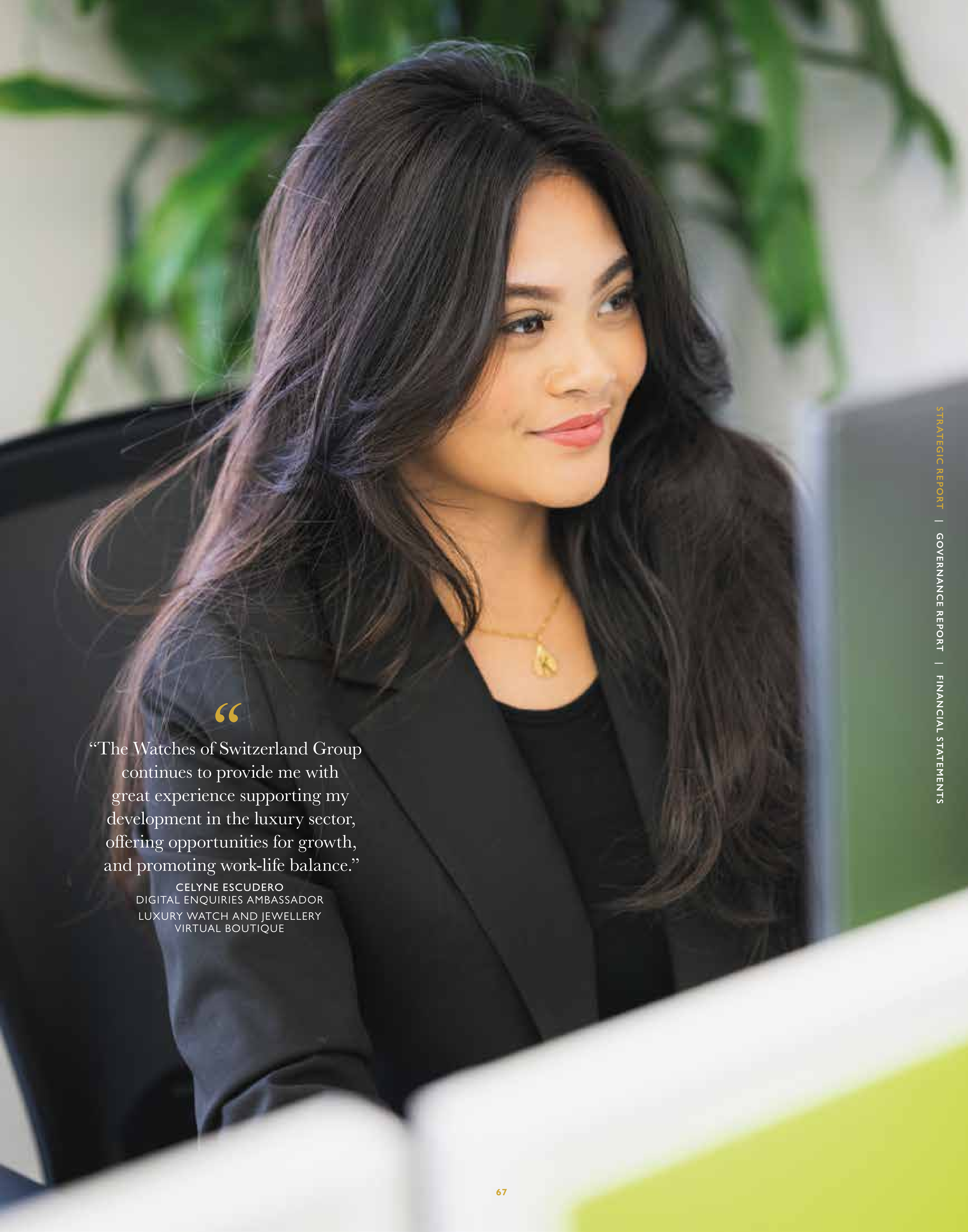
OF NEW UK COLLEAGUES EMPLOYED WERE SATISFIED WITH THEIR RECRUITMENT EXPERIENCE (Q4 FY23)

LEARNING AND DEVELOPMENT

Careers are a shared responsibility between our colleagues, their line manager and our Group. We see career progression as less about climbing a ladder, but more about movement within a matrix and we offer the benefits of a multi-functional, large scale, global organisation with careers to match. We value both people leaders and technical expertise and support our colleagues with a range of blended learning such as face-to-face programmes and easy to access e-learning through our learning management system.

Key highlights of our focus on Learning and Development for our broad leadership team include:

– 62% of participants on our UK internal leadership 'Evolve' Programme were promoted within 12 months of completing the course
– Re-launch of Great Line Manager programme – 12 month programme for UK retail line management
– Global coaching programme: 97 managers trained (UK), 104 managers trained (US)
– Participation in external leadership programmes for female and ethnic future leaders



"The Watches of Switzerland Group continues to provide me with great experience supporting my development in the luxury sector, offering opportunities for growth, and promoting work-life balance."

CELYNE ESCUDERO
DIGITAL ENQUIRIES AMBASSADOR
LUXURY WATCH AND JEWELLERY VIRTUAL BOUTIQUE

BUILD AN ORGANISATION FIT FOR THE FUTURE

We recognise that one of the key differentiators to our future success is our people. Therefore we continue to focus on building the right skills and capabilities for the future as well as rewarding and recognising our colleagues today.

SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

FY23 PERFORMANCE HIGHLIGHTS

- Investment in global buying capability
- Fully compliant with Real Living Wage in the UK
- 30,000+ elearning hours globally
- 184 UK colleagues are JET qualified
- 63 US colleagues enrolled in the GIA (Gemological Institute of America) Program and 50 received their Advanced Jewellery Professional Certification

FY24 AREAS OF FOCUS

- Building global and local capability
- Further enhance our technical capability
- Evolution of reward and recognition
- High performance culture

GLOBAL AND LOCAL CAPABILITY

Our Long Range Plan sets out the skills and capabilities we need to build for the future and we continue to attract high calibre talent despite market pressures. As a result of our growth, headcount has increased in all regions over FY23 fuelled by our ambitious mono-brand boutique expansion.

We regularly review our operating model and the capability requirements against our Long Range Plan and this year, have invested in global buying and merchandising capability, ecommerce and digital skills as well as new leadership for our People and Organisation Team. In May 2023, we re-appointed Anders Romberg as CFO following the departure of Bill Floydd.

TECHNICAL CAPABILITY

Our commitment to frontline client experience capability is evidenced through our strategic approach to Xenia Client Experience, which is a global programme underpinned by a comprehensive training schedule. This year, our priority has been to deepen capability in retail whilst broadening Xenia into our support teams, with clear accountability through the Senior Management. Teams in new showrooms are given a 12-week comprehensive onboarding and training programme.

In addition, we continue to build excellence in retail through our bronze and silver academies and we are proud of the depth of our training in product, brand and client experience.

Increasing our jewellery proposition remains a priority and we continue to develop our teams' product knowledge to support our jewellery strategy. The learning journey starts in our induction which includes an introduction to jewellery, highlighting its significance. The next step is our bronze academy which introduces key terminology and understanding of diamonds and coloured gemstones. There is also the opportunity to progress onto our silver academy which develops knowledge further. In addition, we offer colleagues the opportunity to complete Jewellery Education and Training (JET) qualifications awarded by the National Association of Jewellers. These qualifications are fully funded by the Watches of Switzerland Group. This year, to support our jewellery strategy we have piloted the GIA applied jewellery professional diploma. The learning has been successful and we have plans to expand this training further.

During the year, we have continued to support our teams, with jewellery focused workshops and all of our UK colleagues, in recently refurbished Goldsmiths Luxury showrooms, attended a specific jewellery workshop to maximise Xenia in action.

- 184 UK colleagues are JET qualified
- 65 enrolled in JET in FY23
- GIA pilot completed in UK with plans to expand further in FY24
- 67 US colleagues are enrolled in the GIA Program and 40 received their Advanced Jewellery Professional Certification

HIGH PERFORMANCE CULTURE

We have signature processes in place to support performance at the highest levels. Our annual development performance review process in the UK achieved an 86% completion rate in retail in FY23. This process ensures objective setting occurs and 87% of colleagues confirmed in our Colleague Engagement Survey they feel committed to the Company's goals.

REWARD AND RECOGNITION

The Watches of Switzerland Group is a business built on relationships. It is important to us that our colleagues are engaged, healthy, happy and motivated to make our aspirations a reality. In return, we provide high levels of support and reward to our valued people. We have built a far-reaching and competitive benefits package, which has been enhanced further. In conjunction with feedback from colleagues, we have improved our offer in the following ways over the course of the last year:

- We comply with the UK Real Living Wage recommendations in the UK
- Enhanced UK maternity pay from 1 April 2023
- Improved health benefits in the US to include Group accident, critical illness, hospital indemnity, voluntary life insurance, identity protection and pet insurance
- UK Compassionate Leave Policy broadened to include bereavement leave
- Colleagues participation in our Sharesave Scheme
- A comprehensive Employee Assistance Programme is available globally
- The US experienced a 22% increase in participation in the US 401K Retirement Plan resulting in 82% of the US population now enrolled
- Our VibE and Brilliance recognition platforms are appreciated by colleagues across the UK with over 44,000 recognitions given in FY23. In the US, the Celebrating Success programme is used to recognise individual and team achievements

44,000+

RECOGNITIONS IN THE UK ON OUR VIBE AND BRILLIANCE PLATFORMS

“The boutique is like a second family to me, the unity and diversity gives me a sense of home and I love my team.”

DJEMS JOSEPH
SALES ASSOCIATE
BVLGARI, MONO-BRAND BOUTIQUE, AVENTURA MALL, FLORIDA

LEVERAGE OUR UNIQUE CULTURE

We are proud of our culture at the Watches of Switzerland Group which is underpinned by our Purpose and values. We are focused on the wellbeing and health of our colleagues and create working environments in which everyone can thrive. Our move to our new UK Support Centre offices in May 2023 and our US offices later in FY24, is a catalyst for enhancing our culture even further.

SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

FY23 PERFORMANCE HIGHLIGHTS

Group engagement survey results

- Response rate 90%
- Engagement score 81%
- 86% of colleagues say our values are important to them

Other results

- Launch of the Watches of Switzerland Group Support Fund

FY24 AREAS OF FOCUS

- Engaging colleagues through integration and change
- Better balance and flexibility in retail
- Better communication across the Group
- Clearer career progression and opportunity

85%

OF COLLEAGUES SAY THEY ARE PROUD TO WORK FOR THE WATCHES OF SWITZERLAND GROUP

PURPOSE, VALUES AND ENGAGEMENT

Colleague engagement is measured in our annual Colleague Engagement Survey. This year, our survey took place in January 2023 and we were pleased with the results which were high in a tough external economic climate. As a purpose-led business, we were pleased to see that following the launch of our new values in FY22, 86% of colleagues feel that our values are important to them. Other results are as follows:

Colleague engagement	Group score
I would recommend this Company as a great place to work	78%
I feel committed to the Company goals	87%
I am proud to work for this Company	85%
Working here makes me want to do the best work I can	82%
I feel a strong sense of belonging to this Company	71%

The role of line manager is critical to engagement and we continue to focus on building skills through our newly launched Great Line Manager Programme in the UK. In addition, we engage with colleagues through our regional Listening Forums chaired by members of our Senior Executive team and co-chaired by Rosa Monckton, Designated Non-Executive Director for Wider Workforce Engagement. In April 2023, we held our Global Listening Forum with 35 representatives from across the Company. Rosa Monckton reported back to the Board in May 2023. As a result of the feedback received through the year, a number of enhancements to UK and US benefits packages were launched in FY23 including enhanced maternity leave in the UK and better health benefits in the US.

Our new Support Centre at Carlton Park, Leicester

WORKING ENVIRONMENT AND WELLBEING

The working environment for our colleagues continues to be of paramount importance to us as does wellbeing. Key highlights of activity in this area have been:

- Low colleague accident rate of 1.5 in 200,000 hours globally
- 81% of colleagues in the Group confirm that their manager cares about their health and wellbeing as reported in our Colleague Engagement Survey
- Sickness absence <1% in the UK
- 32 mental health first aiders across the UK, US and Europe

Our key areas of focus throughout FY23 have been:

- Engaging colleagues in move to new UK Support Centre in Leicester
- Building future talent attraction campaigns to maximise potential of new premises
- Mental Health First Aid Training was introduced to US leadership and management

81%

OF COLLEAGUES IN THE WATCHES OF SWITZERLAND GROUP CONFIRM THAT THEIR MANAGER CARES ABOUT THEIR HEALTH AND WELLBEING

COLLEAGUE RELATIONS AND HEALTH & SAFETY

We place a high regard in treating our colleagues fairly and have well established procedures to ensure we listen to our colleagues on issues that matter to them and which also enable colleagues to raise grievances and concerns, both informally and formally. Key highlights for this year include:

- Four Listening Forums per region and one Global Listening Forum in April 2023, in both the US, UK and Europe
- One Global and two UK Diversity Council meetings held throughout the year in both the US, UK and Europe
- Newly formed UK employee relations team with oversight of all employee relations policies, practices and procedures
- US Listening Forums conducted quarterly along with a new US Diversity Council. Both groups represent all colleagues across the US
- RAID training (violent crime and safety) re-implemented in March 2023

On the few occasions we have needed to enter into redundancy conversations, for example due to the ending of a showroom lease, we make every effort to retrain and redeploy colleagues, and we offer other career opportunities wherever possible. Such conversations take place in the spirit of our values of Respect and Trust and we ensure consultation discussions are transparent and supportive.

We continue to review our expansion into Europe and are aware of works council obligations. We abide by the relevant collective bargaining agreement in the Netherlands.

Health and safety

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

“Ideas are encouraged and shared throughout the business meaning we are all able to move forward together and be proud of our collective achievement.”

BOYD ANDERSON
SHOWROOM MANAGER
WATCHES OF SWITZERLAND, MANCHESTER, UK

SUPPORT CENTRES

The move to Carlton Park, our new UK Support Centre in Leicester is driven through our need for space and the fact that we had outgrown our previous building and it was no longer fit for purpose. The investment into a new building is a message to current and future colleagues that the working environment in our Support Centre should be of an equal standard to that of showrooms. The space enables better collaboration for the day-to-day and also offers a comprehensive training suite and creative spaces to learn and grow.

Our colleagues were consulted throughout the whole process including selecting the location, the design concept and implementation, through to a fully consulted transition plan from our old offices to new. Key highlights include:

– Collaboration space for 500 colleagues

– Green space for wellbeing

– Access to gym and nursery on-campus (at discounted rates)

– Good transport links

To support this and to deliver flexibility to colleagues, we have confirmed our approach to offer flexible working practices as follows:

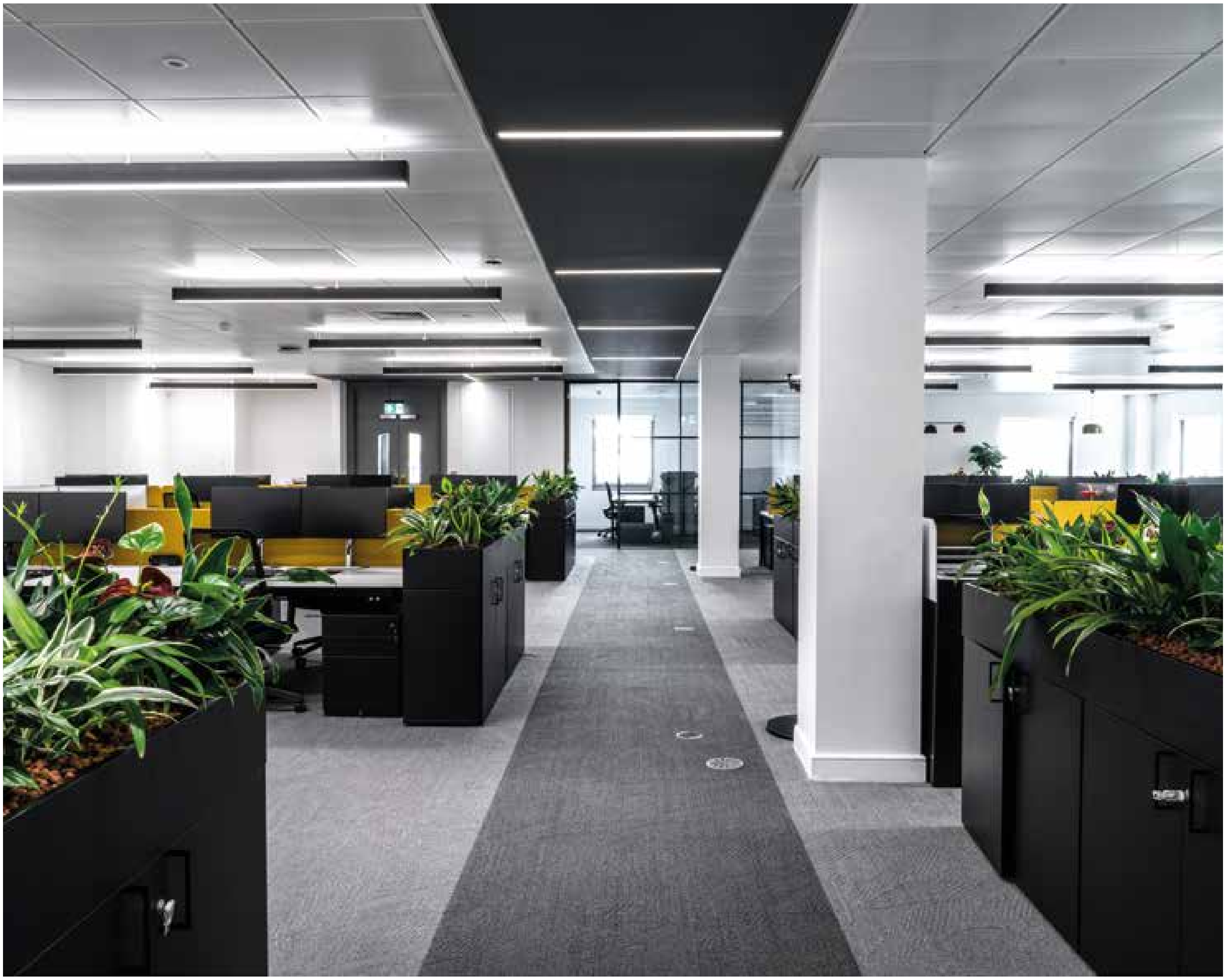
Types of contract	UK
Hybrid working	We offer flexible working for all support colleagues
Part time	19% of our workforce are part time workers

In addition, we have engaged with our colleagues through surveys to understand what is important to them in a new office environment.

As a result, we have agreed corporate rates for the on campus nursery and gym. Our new building also includes a multi-faith room and a private room for nursing mothers.

The US offices will include a wellness room, gym access and expanded training and development resources and facilities.

In retail, we have continued to consider and improve our colleagues' work environment through our showroom refurbishment plans.



Colleagues desks in our new Support Centre, Carlton Park

Top: Colleague collaboration area, Carlton Park
Bottom: Colleague team lounge, Carlton Park

THE WATCHES OF SWITZERLAND GROUP FOUNDATION

At the Watches of Switzerland Group, we are passionate about supporting the communities in which we operate. It is a vital cornerstone of our culture, based on our ingrained caring spirit and a dedication to giving back.

SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

FY23 PERFORMANCE HIGHLIGHTS

- The development of four strategic partners in the UK and four in the US
- The Foundation donated £940k to UK charities in FY23
- The Foundation donated $671k to US charities in FY23
- 700+ hours of colleague volunteering across the UK and US which is a +13% increase from last year
- £100,000 raised by Group colleagues as part of The Prince's Trust Palace to Palace Bike Ride

FY24 AREAS OF FOCUS

- Maximising the partnership and opportunity with our strategic partners
- Continuing to ensure our donations create maximum impact
- Engaging and communicating to our internal colleagues the work of The Watches of Switzerland Group Foundation
- Continuing to develop our colleague volunteering programme
- 8 paid hours for volunteering per US colleague

THE WATCHES OF SWITZERLAND GROUP FOUNDATION
Helping our communities

We have long been committed to philanthropic endeavour, building strong partnerships with charities like The Prince's Trust which spans a period of 10 years. However, in 2021 we made things official, launching The Watches of Switzerland Group Foundation and gaining charitable status in November of that year.

The Foundation brings most of the Group's charitable activities under one umbrella and has so far received a total of £6 million in donations from the Watches of Switzerland Group to support three pillars: the prevention or relief of poverty; the advancement of education; and the relief of those in need by reason of youth, age, ill-health, disability, financial hardship or other disadvantage. This focus has led us to confirm key strategic partners in both the UK and US to help us support the Foundation's UN SDG goals and purpose pillars.

UK Strategic Partners	US Strategic Partners
The Prince's Trust	The Prince's Trust
Local Food Banks	Habitat for Humanity
Fuel Bank Foundation	Feeding South Florida
Crisis	New York, Florida and Las Vegas Foodbanks

The Foundation has donated a total of £2.9 million to date, with a total of £1.5 million donated in FY23. It is amazing to see how the money is positively impacting our local communities. Through the strengthening of our relationships with our key partners, we have been able to re-engage our workforce with volunteering which had been impacted by the pandemic, as well as focus our funding on more deeply impactful initiatives, that have truly been transformational for our strategic partners.

The UK Foundation is lucky to have a board of trustees brimming with drive and talent, including retail guru Mary Portas, model and fashion expert David Gandy, BAFTA-nominated actor John Hannah, radio presenter Johnathan Joseph (otherwise known as DJ Spoony) and sports, brands and diversity expert Terence Parris. They are joined on the board of trustees by our Group CEO, Brian Duffy who acts as the Chair and Ruth Benford, Executive Director, Marketing.

TRUSTEES OF THE FOUNDATION

Our trustees meet on a quarterly basis for half a day, and have committed to an engagement calendar with our strategic partners for FY24. In FY23 John Hannah and Johnathan Joseph took part in the Palace to Palace Bike Ride for The Prince's Trust.


Brian Duffy
Watches of Switzerland Group CEO. Chair of the Foundation


Ruth Benford
Watches of Switzerland Group Executive Director of Marketing


Mary Portas
Retail consultant and broadcaster


David Gandy
Model and fashion expert


John Hannah
BAFTA-nominated actor


Terence Parris
Sports, brands and diversity expert


Johnathan Joseph
Also known as DJ Spoony

Colleagues volunteering at Leicester Food Bank

Colleagues completing The Prince's Trust Palace to Palace Bike Ride where we raised £100,000 for The Prince's Trust

COMMUNITY IMPACT HIGHLIGHTS:

The Prince's Trust	Crisis	Foodbanks	The Fuel Bank Foundation	Habitat for Humanity	Prince & Princess of Wales Hospice
The Foundation's continued funding for The Trust's education programmes has directly supported over 5,240 young people to date with a further 1,000 helped through the Young Person's Relief Fund. This includes the funding for Prince's Trust USA's first education programme pilot across New York which is pivotal to the charity's growth in the region.	The Foundation supported the funding of Crisis general services, Christmas Appeal and their clinical psychologists service. Our funding has supported Crisis to successfully end homelessness for over 2,700 service users, and directly funded 22% of service users who were supported by a clinical psychologist.	Funding has made a significant impact to the Foundation's local Foodbank partners across the UK and US supporting new initiatives such as: partnering with schools to fund new school jumpers, new vans for donation collections, the opening of a regional distribution centre and the pilot of a mobile pantry.	The Foundation's funding has helped support thousands of people through the Winter fuel crisis. Foodbank partners continue to benefit from the Foundation's Fuel Bank network initiated in FY21.	Habitat for Humanity works together with families, local communities, volunteers and partners from around the world so that more people are able to live in affordable and safe homes. We supported new build projects for families across New York, Atlanta and Westchester.	With the Foundation's funding since 2021, the Hospice has been able to launch a short stay service for young adults. Providing 11 weeks of short break stays to young adults.
6,240 YOUNG PEOPLE HELPED THROUGH COMBINED PROGRAMMES	2,700 SERVICE USERS HELPED BY OUR FUNDING	168,346 PEOPLE FED THROUGH OUR SUPPORT OF FOODBANKS*	17,370 HOUSEHOLDS ABLE TO 'SWITCH THE LIGHTS BACK ON'	3 HOUSING PROJECTS SUPPORTED	11 WEEKS OF SHORT BREAK STAYS FOR YOUNG ADULTS

* Statistics include totals through Leicester South, Newcastle, Glasgow and Euston Foodbanks and Feeding South Florida

The Foundation's continued support of our strategic charity partners has had a significant impact on their beneficiaries and our local communities. The Foundation's strategic foodbank partners reported an increased demand of their services as a result of the cost-of-living crisis with a 37% rise across the UK and over 30% in the US. The Prince's Trust reported that 53% of young people from the poorest backgrounds have lowered their expectations and aspirations for their future as the result of the cost-of-living crisis, and young people's overall confidence and happiness towards money is lower than the Global Financial Crisis of 2008.

In FY23, the Foundation's funding has continued to provide vital support to its key partners, helping to tackle poverty, improve education and opportunities and support those in times of desperate need.

Combined with our financial support, the Group's dedicated and passionate colleagues have also donated their time to support key initiatives in their local communities across the UK and US. Over 130 colleagues have delivered over 700 hours of volunteering. In the US, a national Volunteering Program has been launched which will allow flexibility in scheduling and prioritising volunteer hours with leadership support.

Following the successful re-engagement with volunteering in the UK, and initial roll out in the US we will explore how we further develop volunteering for both US, UK and Europe colleagues in FY24.

700+
TOTAL NUMBER OF GROUP VOLUNTEERING HOURS

THE PRINCE'S TRUST

The Prince's Trust continues to be a key education partner, helping the Foundation to improve access to quality education in our communities. Since launching our Group-wide partnership in 2019 (prior to the formation of the Foundation), 6,240 young people have been reached, through a combination of education programmes, the Young People Relief Fund, and the launch of their brand new Education hub. In addition to the funding from the Foundation, the Group has continued to support the Trust through its sponsorship of the Young Changemaker Award at The Prince's Trust Awards, and as headline sponsor for the Palace to Palace Bike Ride.

Having previously supported the launch of The Prince's Trust USA, the Foundation was delighted to have been able to fund the charity's first Education Programme pilot in New York City 'The Enterprise Challenge'. The programme runs in partnership with City Year, an education non-profit organisation, and is an inter-schools competition promoting entrepreneurship, and raising aspirations and confidence. This year, in support of The Prince's Trust USA wider fundraising events we sponsored a table at The Prince's Trust New York Gala Dinner.

Prince's Trust Support - Impact

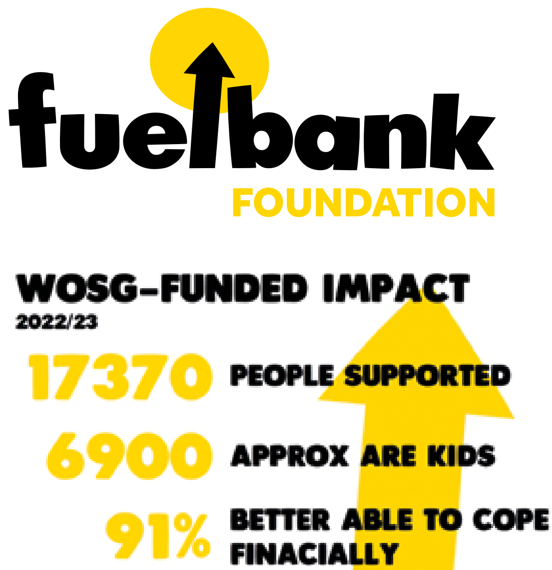
2,240	3,000	1,000
HELPED THROUGH EDUCATION PROGRAMMES	HELPED THROUGH EDUCATION HUB	HELPED THROUGH RELIEF FUND

CRISIS

Last year, the Foundation began its partnership with Crisis by supporting the Crisis at Christmas campaign with an initial donation of £25,000, helping Crisis support over 500 guests with somewhere safe to stay over Christmas. The Foundation subsequently approved a proposal to support Crisis' recruitment of Clinical Psychologists with the aim to end homelessness and increase social mobility. Crisis Clinical Psychologists' provide intensive specialist support to a small cohort of members with complex trauma and sit within Crisis' wider wellbeing offer supporting people on their journey out of homelessness. In FY23 the Foundation has supported the funding of Crisis general services, Christmas Appeal and their Clinical Psychologists' service by donating £125,000. In this period Crisis supported 2,700 people through their clinical psychologist's service, the Foundation's donation accounts for 22% of those supported. In total, 38% of these service users successfully moved out of homelessness.

FUEL BANK FOUNDATION

In 2022, the Foundation launched its strategic partnership with the Fuel Bank Foundation to complement the Foodbank programme. Initially supporting 12 centres, we expanded our support to ten additional centres in FY23 and donated a further £300,000. 95% of those supported by the Fuel Bank Foundation reported having to choose between heating or eating this Winter. Funding has supported 17,370 people to turn their lights and/or heating 'back on', of which approximately 6,900 were children. 91% of users reported being able to better cope financially, and 61% reported an improvement in mental wellbeing.



Prince's Trust USA, Enterprise Challenge students supported by The Watches of Switzerland Group Foundation

THE FOODBANK PROGRAMME

Funding has enabled the Foodbank programme to have greater international reach and impact over the last year. In the UK, the Newcastle Foodbank were able to establish their first community pantry allowing service users to do a weekly shop (instead of an emergency food parcel) for as little as £5. Since its launch in 2023, the pantry has served 93 returning adults and 52 children. The Foundation's funding has also supported the purchase of a van to support the mobility of the project. Following the Blakelaw pilot of the pantry, Newcastle Foodbank has plans to expand this service to four other communities in Newcastle. Funding has allowed the Euston Foodbank to relocate to significantly larger premises to better support their local community. In FY23, the Foodbank saw a 69% increase in food parcels distributed compared with the previous year. In their new location, the Foodbank is able to host community partners such as a community kitchen, and has been able to add a clothes donation service to their hub which has been a need amongst their service users.

Leicester South Foodbank has seen a 27% increase in need compared to the last financial year. With funding, last year, it moved to a new location which also acts as the Leicester distribution centre supporting 17 other foodbanks in the area. Funding has also supported the salary of a debt advisor which has maximised £150,000 of financial gains for its beneficiaries. As Leicester Foodbank is local to our Support Centre, they have also benefited from technology donations such as TVs, conference meeting technology and volunteering by our colleagues.

UK Strategic Partners	Donation Amount
Euston Foodbank	£90,000
Glasgow SE Foodbank	£50,000
Leicester South Foodbank	£50,000
Manchester Central Foodbank	£50,000
Newcastle West End Foodbank	£50,000
Total	**£290,000**

US Strategic Partners	Donation Amount
Feeding South Florida	$176,500
Three Square Meals (Las Vegas Foodbank)	$50,000
New York Foodbank	$50,000
Total	**$276,500**

UK City Centre Hub Partners	Donation Amount
Birmingham Central Foodbank	£25,000
Bristol – inHope (Bristol) Ltd.	£25,000
Cardiff Foodbank	£25,000
Edinburgh Northwest Foodbank	£25,000
Kingston Deo Community Church	£25,000
Liverpool – St Andrew's Community Network	£25,000
Total	**£150,000**

THE FOODBANK PROGRAMME US

In the wake of the pandemic, unemployment and food insecurity soared. In 2022, the Foundation expanded its support of foodbanks to the US supporting Feeding South Florida, Three Square Meals in Las Vegas and the New York Foodbank. In FY23 the Foundation donated over $500,000 to US foodbank networks and connected colleagues with volunteering opportunities such as delivering meals to those in need. The donation of $176,000 to Feeding South Florida had significant impact to local communities in the region, supporting eight foodbanks across South Florida, and feeding 28,554 people. The Group's volunteers help in distributing groceries to foodbank clients or supporting their mission with social media support. In FY24 the Group will strengthen its volunteer support through the roll out of the US volunteering programme.

HABITAT FOR HUMANITY

Habitat for Humanity works together with families, local communities, volunteers and partners from around the world so that more people are able to live in affordable and safe homes. In FY23 the Foundation donated $294,000 to sponsor three house builds for families in Miami, Atlanta and Westchester. In March 2023 our colleagues in Florida supported one of the local builds by providing volunteers to help finish building the home. We are hoping to strengthen our partnership with Habitat for Humanity over the next year by providing more volunteers and vital funding through the Foundation to provide safe homes for those who need them.

US City Centre Hub Partners	Donation Amount
Habitat for Humanity International	$294,000

"We are so grateful for Watches of Switzerland Group Foundation's engagement with Habitat. Not only did they provide a generous and life changing donation towards the construction of a Habitat home, but the enthusiasm and love from the people who volunteered was contagious. We could not be more thankful."

MAUREEN L. RUGGIERO
CHIEF DEVELOPMENT OFFICER, HABITAT FOR HUMANITY

PRINCE & PRINCESS OF WALES HOSPICE

The FY22 donation to the Prince & Princess of Wales Hospice has continued to support its young patients through a short stay service for young adults.

OTHER CHARITIES

The Foundation also made smaller donations to charities selected by the trustees. Through this we have donated a total of £75k to Melanoma UK, UK Children's Cancer and St Mary's Church Primrose Kitchen.

The Watches of Switzerland Group CEO, Brian Duffy, presenting and judging at The Prince's Trust Enterprise Challenge in Glasgow

"Our partnership with the Foundation not only enables us to help people in their time of crisis, but also creates opportunities to sustain and develop services that make a meaningful difference to people's lives in their time of need."

JOHN MCCORRY
NEWCASTLE FOODBANK

Prince's Trust USA | YOUTH CAN DO IT

"We are honoured that The Watches of Switzerland Group Foundation has chosen to be our founding Corporate Partner as we expand The Prince's Trust Enterprise Challenge Program to the United States."

VICTORIA GORE
CEO, PRINCE'S TRUST USA

OUR PLANET

CARING FOR OUR PLANET

Both our impact on the environment and the impact of the environment on our business, are fundamental considerations in all our decision-making processes.

We are taking action to achieve net-zero carbon emissions by 2050, while operating to the highest levels of environmental stewardship and safeguarding against risk.

SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

FY23 PERFORMANCE HIGHLIGHTS

- Near-term emissions reduction target verified by the Science Based Targets initiative (SBTi)
- Participated in CDP for the first time
- 84% of Group properties powered by LED lighting
- 100% of UK properties powered by renewable energy
- Grew After Sales and Servicing business by 20%
- Increased Group sales of pre-owned watches by high double digits
- Exclusive UK launch of first fully circular luxury Swiss watch, ID Genève
- Conducted a Climate Scenario Analysis of our supply chain
- Published new ESG Partner Standards

FY24 AREAS OF FOCUS

- Continuous improvement in carbon reduction and energy efficiency through procurement decisions, showroom design, facilities management, transportation and by switching to clean energy sources
- Reducing our use of natural resources and using water more efficiently
- Minimising waste through avoidance, recycling and adopting circularity within our business model and operation
- Helping clients make more sustainable choices by promoting innovation and advancements in sustainable design and packaging
- Support circularity by extending the life of watches and jewellery through repairs and pre-owned
- Streamlining our business processes and leveraging technology to minimise environmental impacts and improve transparency and disclosure

OUR APPROACH

BUSINESS IMPACTS

We understand our business and supply chain have the potential to negatively impact our planet through the mining of metals and gemstones, the production and retailing of products, energy use, transportation, water and waste.

We are minimising these impacts and improving our overall environmental performance by engaging stakeholder groups, encouraging positive behavioural changes, and by participating in eco-friendly initiatives to build climate change resilience and protect biodiversity.

ENVIRONMENT POLICY

Our Group Environment Policy sets out our commitment to the continual improvement of the management and operation of our activities to minimise any adverse effects on the environment and public health.

The Policy applies to all Watches of Switzerland Group operations worldwide and every colleague and contractor we work with. It refers to legislative compliance, environmental awareness and engagement, transparent dealings, the conservation of resources, supplier collaboration, climate change and managing risk.

In March 2023, we updated our Vendor Code of Conduct to include requirements in relation to environmental management and the prevention, mitigation and control of serious environmental and health impacts resulting from our supplier partners' operations including, but not limited to, raw material usage, energy use and greenhouse gas emissions, water, waste, chemical and hazardous substance use, air quality and biodiversity.

Our Vendor Code of Conduct is supported by new ESG Partner Standards, which are designed to engage supplier partners with our environmental goals and identify areas for collaboration to achieve them.

CLIMATE ACTION

The Group is committed to building climate resilience and achieving net-zero GHG emissions by 2050. We are taking prioritised action to reduce our emissions in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement and pursue efforts to limit warming to 1.5°C. In March 2023, our near-term emission targets were verified by the Science Based Targets initiative (SBTi), which is a global body and collaboration between CDP, the UN Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Public Commitments	Near-term SBTs aligned to 1.5°C under Paris Climate Agreement	Net-zero
Scope 1 and 2	50% reduction in absolute emissions by 2030 from a FY20 base year	2050
Scope 3	42% reduction in absolute emissions by 2030 from a FY20 base year	2050

Since our FY20 baseline year, we have reduced our Scope 1 and 2 emissions by 6.3%, due to a series of energy efficiency initiatives combined with the closure of a number of older, less efficient showrooms.

To calculate our Scope 3 emissions, we use spend-based activity data and average emission factors derived from the Comprehensive Environmental Data Archive (CEDA). To ensure our reporting is as accurate as possible, we used the latest CEDA Global (version 6) to calculate our FY23 emissions.

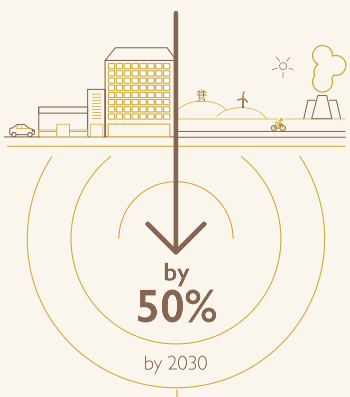
Updating our CEDA emission factors resulted in a significant reduction in our Scope 3 emissions inventory, requiring us to recalculate and restate our emission figures. This is reflected in our FY20 baseline, which decreased by over 50% from 221,527 tCO_2e to 111,582 tCO_2e.

While we cannot claim this reduction is due to our own carbon reduction initiatives, we are committed to reducing our Scope 3 emissions through collaboration with supplier parters to collect primary data and making necessary improvements to build climate resilience. In FY24, we will work with the SBTi to rebaseline our science-based targets in line with best practice.

The table on page 104 provides a detailed breakdown of our Scope 1, 2 and 3 greenhouse gas (GHG) emissions by activity, calculated with reference to the GHG Protocol.

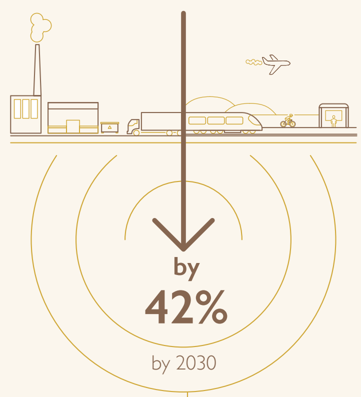
OUR EMISSIONS REDUCTION TARGETS

Scope 1 and 2 emissions



TOTAL GROSS SCOPE 1 and 2 (TCO_2E)	FY20 BASE YEAR	FY23
Estimated 'direct' emissions resulting from our owned/controlled sources and from the generation of purchased electricity, heating and cooling.	4,128 tCO_2e	3,866 tCO_2e

Scope 3 emissions



TOTAL GROSS SCOPE 3 (TCO_2E)	FY20 BASE YEAR	FY23
Estimated 'indirect' emissions resulting primarily from 'Purchased Goods and Services'.	111,582 tCO_2e	188,374 tCO_2e

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

BUSINESS AMBITION FOR 1.5°C

SUPPLY CHAIN ENGAGEMENT

We recognise supply chain engagement is key to helping us achieve our climate ambitions and address areas of public concern, such as supporting biodiversity and ensuring robust traceability mechanisms.

In FY23, we began a supply chain engagement programme, to help us better understand the environmental impact of the products we sell and services we use, while supporting the achievement of our near-term goal to reduce Scope 3 carbon emissions by 42% by 2030.

We partner with EcoVadis, the global sustainability ratings platform which is aligned to SASB global sustainability standards, and advocate the use of its user-friendly carbon action module. Desk research carried out by the Group early in FY23 indicated more work needed to be done to engage and support supplier partners in completing a full EcoVadis Sustainability and Carbon Assessment, and this was a key consideration in the development of our new ESG Partner Standards.

Our ESG Partner Standards explain our net-zero goals and the actions we need to take within our value chain to achieve them. Supplier partners are encouraged to join us in setting targets to achieve net zero in line with a 1.5°C trajectory and proactively share emissions data directly, publicly through platforms such as CDP or with selected stakeholders via EcoVadis. Supplier partners are also asked to align with well-recognised sustainability certifications relevant to the product or service they provide.

Our brand partners are highly active in reducing their impact on the environment and continue to introduce more sustainable processes and materials into their product designs. We support the aims of the Watch & Jewellery Initiative 2030 and are actively engaging brands with the shared aim of gaining primary data to reduce Scope 3 emissions, which are currently estimated to make up over 97% of our Group carbon footprint.

ENERGY MANAGEMENT

We strive to use energy in the most efficient, cost effective and responsible way possible and comply with all relevant local and international environmental laws and regulations.

Our energy management system includes enhancing data collection and implementing energy efficient technologies such as LED lighting and motion sensors throughout our estate to reduce energy waste. We always invest in the most efficient and reliable Heating, Ventilation, and Air Conditioning (HVAC) systems, which are regularly serviced in line with manufacturer's guidelines and temperatures are regulated. We use R32 refrigerant gas and R410 A, where there is no alternative.

When searching for new retail premises and negotiating leases, we prefer locations with green building certifications such as BREEAM or LEED.

We continue to work with new and existing landlords with the goal of powering all properties within our control from renewable energy sources by 2025 and at the time of this report, the Group was assessing eligibility for participation in the Climate Group's RE100 initiative.

In the UK, we are compliant with Phase 2 of the Energy Savings Opportunity Scheme and energy consumption is monitored on a site-by-site basis in collaboration with a specialist energy partner. Our energy use and GHG emissions are reported on page 104.

Properties within our control	FY22			FY23				2025
	UK	US	Group	UK	US	Europe	Group	Target
LED Lighting	82%	41%	70%	90%	51%	100%	84%	**100%**
Renewable Energy	100%	0%	77%	100%	0%	0%	77%	**100%**

Our efforts to conserve energy and reduce GHG emissions are reviewed annually and supported by colleague awareness initiatives and training programmes.

In FY24, we will develop and implement a policy for the more efficient use of energy in line with ISO 50001 international energy management certification requirements. The purpose of this policy will be to formalise and build on work already done to optimise energy use across our Group and further reduce costs and GHG emissions.

CARLTON PARK SUPPORT CENTRE

Energy efficiency is a priority within our UK Support Centre Estates Redevelopment Programme and this is evident within our new Carlton Park Support Centre.

In addition to standard energy efficient technologies, the building has been fitted with a Variable Refrigerant Flow (VRF) system, which uses heat pumps to provide hot water. This VRF system is estimated to reduce energy use by 58% and cut CO_2 emissions by 75% by 2030.

In FY24, we intend to install solar panels at this Support Centre, which are estimated to prevent approximately 75 tonnes of CO_2 emissions* from entering our atmosphere and will result in over £3.2 million in energy savings by 2048.

* 2020 CO_2 grid factors

BUILDING MANAGEMENT

Maintaining strong relationships with our landlords is fundamental to the smooth running of our showrooms and achieving our environmental goals.

Our in-house facilities management team proactively engages landlords to ensure our properties are fully accessible, well maintained, are energy efficient and have the appropriate fire, gas and electrical safety certifications in place.

In keeping with our historic brand image, our property portfolio includes a small number of older premises that require particular attention in order to operate at optimum performance.

All sites are subject to regular, internal and independent audits to ensure conformance with all relevant national and international laws, as well as our own environmental standards.

WATER

Maintaining a reliable and hygienic water supply requires a significant amount of energy, and at the same time, climate change and extreme weather conditions are increasingly impacting the predictability of water availability.

Our water usage is relatively low as a retailer, however, we promote water-saving measures across our Group and continue to take steps to reduce our freshwater intensity, for example, our new Carlton Park Support Centre is equipped with water efficient washroom facilities, which reduces the amount of water required to wash and flush by up to 50%.

Water meter data is used to identify sites with excessive water use and to resolve problems and we continue to work with experts to gather baseline data to further reduce water use.

Through our new ESG Partner Standards, we ask supplier partners to minimise water waste and conduct industrial wastewater quality testing and/or monitoring as required by local law. No incidents of non-compliance with water quality or quantity permits, standards, or regulations were reported in FY23.

WASTE MANAGEMENT

We recognise the benefits of effective waste management systems to conserve natural resources, reduce costs and support a more circular economy, and are committed to achieving zero waste to landfill across our Group, through avoidance, recycling and reuse.

Across our Group, we have waste management arrangements in place with landlords and certified waste management companies to ensure the responsible collection, transportation, monitoring, disposal and recycling of waste.

In FY23, we continued our efforts to streamline our waste management processes and improve data collection, to more accurately quantify our waste volumes and gain a better understanding of the types of materials recycled and resources diverted from landfill.

The majority of our shopping centre landlords report low or nil waste to landfill volumes. However, shared waste management facilities made it difficult for us to accurately record and monitor waste streams and volumes. Therefore, in February 2023, we issued weighing scales to all UK showrooms and launched an initiative requiring colleagues to separate, weigh and record all waste.

Not only is this initiative having a positive impact on reducing waste, colleagues have welcomed the opportunity to play an active part in protecting our planet and report that they are now more conscious about what they dispose of, and how.

WASTE INTENSITY

	FY23		FY22		FY21	
	Waste in Tonnes	% to Landfill	Waste in Tonnes	% to Landfill	Waste in Tonnes	% to Landfill
UK	889	1	375	1	268	1
US	210	1	59	1	38	1
Europe	53	1	n/a	n/a	n/a	n/a
Total	**1,152**		**434**		**306**	
Intensity ratio (sq ft)	**0.0017**		**0.0008**		**0.0006**	

WASTE ELECTRONIC AND ELECTRICAL EQUIPMENT (WEEE) REGULATIONS

We strive to deliver continuous improvements to our recycling and sustainability programme and comply with the Waste Electronic and Electrical Equipment (WEEE) Directive, which forms part of our Group policy and procedures. We enable and encourage WEEE recycling and in the US, recycle all electronics to the standards of the Environmental Protection Agency (EPA), Occupational Safety and Health Administration (OSHA), and federal and state laws. Due to the mechanical nature of the majority of our watches and the small size of watch batteries, the volume of WEEE we handle is low.

HAZARDOUS WASTE

We comply with all applicable national and international environmental laws and regulations, including the collection, treatment and disposal of hazardous waste, for which we partner with licensed contractors who operate an infrastructure of ISO 9001, ISO 14001 and OHSAS accredited hazardous waste treatment sites.

TRANSPORTATION AND LOGISTICS

We are working to reduce carbon emissions as a result of downstream transportation, business travel and colleague commuting. These journeys can take place by road, rail, sea and air.

In the UK, 81% of our fleet are now electric or hybrid and we do not currently operate company cars in the US or Europe. To encourage the wider use of personal electric vehicles, an initial 20 charging points have been installed at our new Carlton Park Support Centre and we plan to install them at more sites across the Group.

	FY22			FY23				2030
	UK	US	Group	UK	US	Europe	Group	Target
Electric or hybrid company fleet	58%	n/a	58%	83%	n/a	n/a	83%	**100%**

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

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

Our Watch and Jewellery Luxury Virtual Boutique provides clients with an online concierge service, without them having to travel. In FY23, to further support a cleaner, greener, online experience, we doubled the number of home deliveries made by EVs in the UK.

	FY22			FY23				2030
	UK	US	Group	UK	US	Europe	Group	Target
Home deliveries by eco-friendly vehicles	13%	0%	0%	22%	0%	0%	17%	**100%**

Through our new ESG Partner Standards, we encourage supplier partners to continually improve the efficiency of their transportation and logistics and participate in joint industry initiatives, such as EV100, which is a global initiative committed to accelerating the transition to electric vehicles. The Group's vehicle fleet is considered too small to join this initiative.

PACKAGING

We understand packaging has a direct impact on the environmental footprint of products and support the implementation of circular economy principles in packaging design and production to help reduce waste, conserve resources and minimise pollution.

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

Within our operation, we seek to use materials that are sustainably sourced, recyclable and easily separated. Our principal packaging suppliers operate to ISO 9001 and ISO 14001 quality standards, and in the UK, we are fully compliant with The Producer Responsibility Obligations (Packaging Waste) Regulations 2007, through the registered compliance scheme.

	FY23				2030
	UK	US	Europe	Group	Target
Recyclable packaging (own brand)*	66%	100%	n/a	71%	**100%**

* Excludes small magnets and foam which must be separated before recycling.

We are continually looking for ways to make it easier for clients to be greener, including printing reminders to recycle on packaging and gift boxes. Where appropriate, we also ask clients if they would like to reuse presentation boxes to minimise any 'end-of-life' environmental impact.

The majority of our branded watch boxes are considered part of the product itself and kept as storage, however, we continue to see innovations in packaging design, and this is exemplified by one of the newest additions to our product range. ID Genève use fully recyclable, biodegradable and compostable materials in their packaging. For more information, see page 89.

BIODIVERSITY AND OUR IMPACT ON NATURE

We consider biodiversity and the impact on nature as a factor when procuring products and services, as well as in the design and modification of showrooms, offices, equipment, and processes.

We will not tolerate any harsh or inhumane treatment of animals and all suppliers must conform to relevant international laws and have processes in place to protect endangered species and habitats.

In FY23, we updated our Vendor Code of Conduct to include a specific requirement for supplier partners to prevent, mitigate and control any impacts from their operations on biodiversity. Our new ESG Partner Standards go further, asking supplier partners to share relevant data and report progress in relation to preserving resources and the rehabilitation of impacted ecosystems. We also highlight our goal to offer more socially and environmentally preferable product options.

Clients can choose from a growing number of more socially and environmentally preferable options, including watch straps and packaging made from a variety of waste materials, including recycled stainless steel, plastic, rubber and cloth and we are seeing biodegradable options made from organic matter, such as mushrooms, seaweed and green waste.

We source hard woods or hard wood veneers within items such as jewellery boxes and watch cases from reputable, sustainably managed sources and only use certified timber in new showroom, workshop and office designs.

Our new Carlton Park Support Centre site in the UK includes 32 acres of maintained woodlands and green space, that are home to a variety of plant life and insects. We are in talks with a local beekeeper and hope to introduce bees in FY24 to further support our local ecosystem and biodiversity of plant and animal life.

SUPPORTING A CIRCULAR ECONOMY

We are committed to promoting innovation and advancement in circular design, while extending the life of watches and jewellery through repairs, servicing, and our pre-owned business.

In FY23 we grew our After Sales and Servicing business by 20% year-on-year, and achieved high double digit growth of pre-owned watch sales.

To continue to meet demand, we are increasing our repairs and servicing capacity to include a new 6,000sq ft Repairs and Servicing Centre in Leicester, which is due to be operational in FY24. This Repairs Centre is being designed and equipped to the highest Swiss standards and will allow us to accommodate a further 14,000 repairs over the next three years, while providing additional repairs and servicing support for our strategic brand partners.

This year also saw a significant investment into the development of a new client-facing repairs system aimed at improving our client journey, by allowing them to receive updates and track their repairs. Phase 1 of this system is set to be trialled in UK showrooms in summer 2023.

Parallel to this, we continue to grow our team of highly skilled and accredited watchmakers; creating work opportunities and supporting local economies, while helping us to keep more watches at their highest utilisation and value for as long as possible.

In FY23, we sponsored three students to study at the British School of Watchmaking and are in the process of preparing in-house candidates at our Manchester Service Centre for the FY24 intake. We also have a longer term aspiration to develop a formal Group-wide apprenticeship scheme.

In the US, we have three students undergoing accelerated watchmaking training in partnership with the Lititz Watch Technicum under the Swiss American Watchmakers Training Alliance (SAWTA) certification program, founded primarily for Rolex-funded US watchmaking schools.

	FY22			FY23				YOY
Specialist Roles	**UK**	**US**	**Group**	**UK**	**US**	**Europe**	**Group**	**Increase**
Accredited Watchmakers	35	20	55	37	26	–	63	**+8**
Technicians, Administrators and Polishing experts	15	12	27	23	16	–	39	**+12**

We have ambitious plans for our pre-owned business and have advanced our development with Rolex Certified Pre-Owned, which will launch in FY24 Q1 in the US and Q2 in the UK. This is in addition to our Watches of Switzerland Group pre-owned business, which is already well established.

In the US, our pre-owned watch business, Analog:Shift, is a key contributor to achieving our circularity goal to keep products at their highest use and value for as long as possible, which is further boosted by our Susan Caplin and Betteridge businesses, which specialise in restoring vintage jewellery.

FOCUS ON CIRCULAR DESIGN

In March FY23, we celebrated the exclusive UK launch of the first truly eco-innovative luxury watch.

ID Genève's circular model is founded on the principles of the circular economy. It is driven by design, and based entirely on the reuse of materials, the elimination of waste and pollution and the regeneration of nature.

To extend the life cycle of the watch for as long as possible, the design is classic and modular, making it easy to be serviced and repaired by any reputable watchmaker. All materials are circular, with a lower carbon footprint than the industry average and the manufacturing process is powered by solar energy. The brand also makes every effort to reduce transportation, sourcing all materials within a small radius.

ID Genève also partners with three British eco-innovative start-ups, who provide the first industrially compostable straps and packaging made from mycelium, green waste and wine residue. The most notable packaging supplier is Notpla, who won an Earthshot prize in December 2022 for developing the first packaging to be made of fully soluble seaweed that can be used as a plant fertilizer.

Our UK launch of ID Genève was a big success, attracting a diverse range of clients and exceeding sales expectations. Our US launch took place early in FY24 and was also very well received.


EVOPEN
charge
VendElectric
ROLECEV
ROLECEV

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE

Protecting our planet is a core component of our Group Purpose and is embedded into our decision-making processes. In recognition of the serious threat to our business strategy and operation posed by climate change, the Board considers it as a principal risk.

We fully support the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and continue to develop our Sustainability Strategy to ensure potential impacts are identified and managed in a structured, transparent and measurable way.

Since our last disclosure, we have reviewed our financial risk boundaries to ensure a consistent approach across our Group and have further integrated key risks and opportunities identified during an initial quantitative Climate Scenario Analysis (CSA) of our direct operations into our financial planning process. We have also responded to the CDP (formerly the Carbon Disclosure Programme) questionnaire on climate change for the first time and carried out a supply chain mapping exercise followed by a quantitative CSA and a series of workshops, to identify, manage and mitigate material climate-related supply chain risks and identify opportunities.

We are committed to reducing absolute Scope 1 and 2 greenhouse gas (GHG) emissions 50% by 2030 from a FY20 baseline. We also commit to reducing absolute Scope 3 GHG emissions by 42% within the same timeframe. In March 2023, these near-term targets to help achieve net-zero by 2050 were verified by the Science Based Targets initiative (SBTi), who commended our ambitious 1.5°C aligned target - currently the most ambitious designation available through the SBTi process.

A net-zero target, with verified near-term targets, provides us with a clearly defined pathway to reduce GHG emissions, help prevent the worst impacts of climate change and future-proof business growth.

COMPLIANCE STATEMENT

In meeting the requirements of the Listing Rules 9.8.6R (8) and 14.3.27 R, we have concluded that we fully align with the TCFD reporting recommendations for the accounting period ending 30 April 2023.

In the table below we set out details of the TCFD reporting recommendations against the eleven disclosure requirements. In assessing alignment, we referenced the guidance documents referred to in the Listing Rule guidance notes, taking into account the 2021 TCFD all sector guidance.

TCFD Disclosure	Summary of disclosure	More information
	Governance	
a. Describe the Board's oversight of climate-related risks and opportunities	The Board, led by the Chair, Ian Carter, has overall responsibility for managing climate-related risks, as well as ensuring our strategy creates value and achieves our Purpose: to WOW our clients, while caring for our colleagues, our communities and our planet. Our Board considers climate-related issues when reviewing and guiding our strategy, setting Company performance objectives and agreeing annual budgets, including major capital expenditures, such as the transition to electric or alternative fuel vehicles and roll-out of LED lighting in our showrooms. The ESG Committee, chaired by Independent Non-Executive Director, Rosa Monckton MBE, addresses climate-related issues three times a year, supported by a dedicated training session. As a Board Committee, it ensures our main Board has supporting information and context when making strategic decisions in relation to key climate-related issues. Such issues are officially reported to the main Board as and when key decisions are required, for example, the approval of our Sustainability Strategy, associated targets and supporting documents, such as our Environment Policy, Vendor Code of Conduct and ESG Partner Standards. The Committee monitors performance against climate-related goals and targets, using frameworks such as the CDP questionnaire on climate change, and challenges our ESG Steering Group on progress. The Committee also ensures the Group has an effective risk management system in place, with key climate-related risks being principally governed between both our ESG Committee and Audit & Risk Committee, which meets on a quarterly basis.	See Climate Governance framework on page 59 See our Principal Risks and Uncertainties on page 116 to 121
b. Describe management's role in assessing and managing climate-related risks and opportunities	Brian Duffy, CEO, has overall operational responsibility for our Climate Strategy and the mitigation of related risks. Anders Romberg, CFO, has day-to-day operational responsibility for identifying and addressing climate-related risks and opportunities and chairs a monthly ESG Steering Group. This Steering Group reports into the ESG Board Committee on a quarterly basis and is comprised of senior leaders who each have responsibility for assessing and managing climate-related risks and opportunities against KPIs aligned to our ESG pillars of 'People, Planet and Product'. The ESG Steering Group is advised by Kesah Trowell, Group Head of Sustainability and ESG, who has significant experience in climate-related matters. It ensures all operational matters in respect to our Sustainability Strategy are fully embedded into our wider business strategy and operation, through weekly engagement with our Trading Board and ad hoc, as required. Our Finance Team also plays a key role in ensuring climate-related risks and opportunities are embedded into our core business strategy, by making sure they are considered within our budget planning and approval processes. Each ESG pillar is supported by Working Groups, which include senior operational managers who are assisted with input from the Group Head of Sustainability and ESG and external consultants. These Working Groups meet every four to six weeks and are chaired by ESG Steering Group members. Our Planet Working Group has responsibility for developing and implementing the Group's Climate Strategy, which includes reducing Scope 1 and 2 carbon emissions resulting from buildings and logistics, energy and waste management. Our Product Working Group is responsible for developing and executing our Supply Chain Engagement Strategy for managing the environmental and ethical impacts of products within our value chain, including the impact of raw material extraction, manufacturing, packaging and transportation.	See Climate Governance framework on page 59

TCFD Disclosure	Summary of disclosure	More information
	Strategy	
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	We consider climate-related risks and opportunities across the short (<5 years), medium (5-10 years) and long term (>10 years) and these time horizons were considered according to our sector, the life span of our assets, the type of the climate-related risks we face and the geographies in which we operate. The severity of the impacts we experience is determined by the extent to which the world warms. We therefore considered impacts for possible scenarios: – 1.5°C above pre-industrial levels, in line with what the latest climate science says is necessary to avoid the worst physical impacts of climate change but increased transition risk. – Below 2°C above pre-industrial levels, in line with gradually increasing stringency of climate policy to limit the physical impacts of climate change. – 2-3°C disorderly transition above pre-industrial level, where the transition to a low carbon economy is delayed increasing the risk associated with the transition. – 4°C above pre-industrial levels, which is our current warming pathway if the world does not take climate action, potentially bringing the most extreme physical impacts of climate change. In FY23, we assessed our financial risk boundaries to determine which climate-related risks and opportunities should be incorporated into our financial planning processes. This was completed through quantification of the risks and opportunities, alignment with the Group risk register, and integration into the FY24 budget and long range planning process. We consider risks in terms of both impact and probability. Impact refers to the severity of the consequences that may arise from a risk event, while probability refers to the likelihood or chance of the risk event occurring within the considered climate scenarios. Likelihood is dependent on the scenario considered and is determined through the outputs of the scenario modelling.	Climate-related risks and opportunities were identified in FY22. A review of our financial boundaries took place in FY23 to ensure full alignment across the business and full integration into the financial planning process has taken place
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Following a strategic review in FY23, we assigned financial impacts to identified climate-related risks and opportunities, before integrating them into the FY24 budget and long range planning process. Our strategic review process also focused on target setting and issues such as energy efficiency and supply chain transparency which resulted in plans being incorporated into our long-term strategy and standard business processes. We have since progressed a number of strategic opportunities, such as futureproofing our Support Services Redevelopment Programme. More information about this can be found on page 72. In FY23, the impacts of climate-related risks on our supply chain were assessed and final risk scores were assigned based on: – Exposure to the hazard, derived through modelling the likelihood of the hazard in low and high-carbon scenarios. – Vulnerability, assessing the potential impact of the hazard and mitigation actions through interviews and discussions with key suppliers and internal stakeholders. The table on pages 98 to 100 includes identified high rated risks. All identified risks will be publicly disclosed within our response to the 2023 CDP questionnaire on climate change.	More information on pages 98 to 101
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	The Group recognises the importance of taking steps to ensure our assets and business strategy is resilient to the inevitable effects of a changing climate. To test the robustness of our business strategy, we conducted a qualitative and quantitative climate scenario analysis of our business operation in FY22 and on our supply chain in FY23, considering an orderly (1.5°C and 2°C), disorderly (2-3°C) and business as usual (4°C) scenario up to 2050. This analysis enabled us to identify key climate-related risks and opportunities faced by the Group and where in our operations we may be vulnerable. These risks are reviewed on an annual basis. As a result of our analysis, we have enhanced our business processes, for example, we now assess climate-related risks when negotiating leases and our procurement process includes encouraging suppliers to aspire to the objectives of the Paris Climate Agreement to limit global warming to 1.5°C.	More information on page 98 to 101

TCFD Disclosure	Summary of disclosure	More information
	Risk Management	
a. Describe the organisation's processes for identifying and assessing climate-related risks	In FY23, we established more detailed risk classification frameworks, which our climate risks and opportunities now sit within. The Group defines risk as uncertainty around the organisation's ability to achieve its objectives and execute its strategy effectively. As a principal risk, key climate-related risks are identified and assessed following the same established framework as other significant risks impacting the business. Stakeholder consultation and qualitative climate scenario analysis are used, as well as an analysis of existing and emerging regulatory requirements, to identify key physical and transition climate-related risks and opportunities affecting our business operation. We take the necessary mitigation or adaptation actions to prepare for identified climate-related risks, depending on the severity of the risk. Similarly, where opportunities associated with physical or transitional risks are identified, we work to leverage them.	See our Climate Risk Management process on pages 98 to 100
b. Describe the organisation's processes for managing climate-related risks	The Group has embedded a robust risk management process across all principal risks. Identified risks are incorporated into our Group risk register and risks classified as major or severe are escalated to the Board, whereas minor and moderate risks are handled by the appropriate committee or risk owners.	See our Principal Risks and Uncertainties on page 116 to 121
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	The Group identifies, assesses, and manages climate change as a principal risk through our overall risk management approach. We consider climate-related 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). Identified risks are mitigated through our risk management process.	See our Climate Risk Management process on page 98 to 100
	Metrics and targets	
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	After completing our quantitative CSA in 2023, we have mapped our supply chain risks to proposed metrics, which allow us to track the progress against these risks. In May 2023, we hosted a workshop with internal stakeholders to review and approve additional metrics to monitor our supply chain risks such as extreme weather events, extraction of raw materials, introduction of carbon prices and electric vehicle legal requirements. Over the next reporting year, the Group will focus on collecting data against these metrics and assigning data owners.	See Metrics and Targets on page 102
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	The Group reports Scope 1, 2 and 3 GHG emissions, which are calculated in line with the GHG Protocol methodology. Our figures are externally assured and reported over a three-year period within our Annual Report and Accounts. The methodologies used to calculate our metrics are also reported. As well as the absolute figure, we report our intensity ratios, which allow us to understand the impact of our growing business.	Our GHG emissions are reported on page 104
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	In March 2023, the SBTi validated our emissions reduction targets to achieve net-zero by 2050 in line with a 1.5°C trajectory. The Group commits to reduce absolute Scope 1 and 2 GHG emissions 50% by FY30 from a FY20 baseline. The Group also commits to reduce absolute Scope 3 GHG emissions 42% within the same time frame. These targets are underpinned by a series of goals to help us manage risks and opportunities and these are reported on pages 98 to 101.	See Metrics and Targets on page 102

CLIMATE GOVERNANCE

We have strong governance processes to ensure the materiality of climate-related risks and opportunities is properly assessed at varying levels of our business and the appropriate action is taken.

Our Climate Governance framework on page 59 is in place to ensure related risks and opportunities are understood, managed and reported – and that they are integrated into our core business strategy, risk management processes and investment decisions.

THE WATCHES OF SWITZERLAND PLC GROUP BOARD

The Board has overall responsibility for managing climate-related risks as well as ensuring our strategy creates value.

It stays informed on current best practice in climate governance by maintaining dialogue with peers, policy makers, investors and other key stakeholders and works to ensure material climate-related risks, opportunities and strategic decisions are identified, addressed and transparently reported to stakeholders.

The Board considers climate-related issues when reviewing and guiding our strategy and agreeing annual budgets, including major capital expenditures, such as energy reduction initiatives. In addition, our Remuneration Committee sets the organisation's performance objectives and considers the achievement of ESG targets in line with the Group's ESG bonus underpin.

The CEO has overall operational responsibility for our Climate Strategy, including the mitigation of related risks and realising opportunities. Our CEO is key to overseeing the successful delivery of our business strategy and operation, while also sitting on our Board.

We recognise the ESG agenda continues to evolve rapidly and have introduced climate training for Board members to ensure they have sufficient knowledge for effective decision-making.

ESG COMMITTEE AND AUDIT & RISK COMMITTEE

Climate-related risks and opportunities identified through climate scenario analysis and stakeholder consultation over the short, medium and long term, are reported to the ESG Committee and Audit & Risk Committee by key representatives from the ESG Steering Group, which is chaired by our CFO.

Our ESG Committee monitors performance, challenges our ESG Steering Group on progress against goals and targets, and ensures the Group has an effective risk management system in place. Key climate-related risks are principally governed through our Audit & Risk and ESG Committees.

ESG Steering Group

The ESG Steering Group exists primarily to oversee the development and successful delivery of a progressive Sustainability Strategy and mitigate against risk. It meets each month and has responsibility for assessing and managing climate related risks and opportunities against KPIs aligned to our sustainability pillars of People, Planet and Product. This Steering Group ensures all operational matters in respect to our Sustainability Strategy are fully embedded into our wider business strategy and operation, through regular engagement with our Trading Board and dedicated ESG Working Groups. The Steering Group is also responsible for ensuring management is well-informed and takes actions to tackle climate-related issues through ESG Working Groups and the Head of Sustainability and ESG. Our Finance Team also play a key role in ensuring climate-related risks and opportunities are embedded into our core business strategy, by making sure they are considered within the budget, planning and approval processes.

ESG Working Groups

Our ESG Working Groups are led by senior leaders from our ESG Steering Group and are aligned to our ESG pillars. They are comprised of senior operational managers and supported by input from external consultants. These Working Groups meet each month or more frequently as required.

Our Planet Working Group has responsibility for developing and implementing the Group's Climate Strategy, while our Product Working Group is responsible for developing and executing our Supply Chain Engagement Strategy.

As part of our continual improvement and in acknowledgement of the serious threat posed by climate change, we regularly review our processes to ensure the management of climate-related risks and opportunities is optimised across our Group and value chain.

STRATEGY

The Group considers climate change to be a principal risk and as such, our approach to mitigating and managing associated risks and leveraging opportunities is incorporated into our core business strategy.

We use the following time horizons across the short, medium, and long term, which are agreed by the Board and in line with time horizons used when considering wider strategic and business planning.

Impact Time Horizon	Year from;	Year to	Duration
Short-term	FY24	FY28	<5 years
Medium-term	FY29	FY33	5-10 years
Long-term	FY34	FY34+	>10 years

The timeframes were defined according to the Retail sector and the nature of the climate-related risks we face, such as physical risks, ensuring business continuity, changing consumer preferences, regulatory changes and reputation. We also considered the long life span of our assets, our infrastructure and the geographies in which we operate.

Our risk classification scoring is as follows:

	Financial impact	EBIT impact	Probability
1	Negligible	< 1% of EBIT	Rare
2	Minor	1 - 5% of EBIT	Unlikely
3	Moderate	5 - 10% of EBIT	Moderate
4	Major	10 - 20% of EBIT	Likely
5	Severe	> 20% of EBIT	Almost certain

The financial impact of a risk includes any potential control and mitigation costs incurred to manage the risk and the cost of repair/replacement programmes or loss of revenue if the risk were to be realised.

	Risks	Opportunities
Climate-related risks and opportunities identified during a CSA of our business operations	Extreme weather events disrupting key sites	Energy efficiency initiatives across our property portfolio
	Increased energy requirements	Procuring renewable energy
	Legal requirement for electric or alternative fuel fleet in the UK	Transition to an electric or alternative fuel fleet
	Changing consumer preferences	Promoting the longevity of well-made watches and jewellery

Our Climate Scenario Analysis considered the following scenarios using data from publicly available third party sources, Network for Greening the Financial System (NGFS) and IPCC Shared Socioeconomic Pathways:

Scenario	Transition scenario	Physical scenario
1.5°C – Rapid transition to a global low carbon economy – Unified regulations and ambitious climate policies are implemented immediately and smoothly	NGFS Net-Zero by 2050	Not considered*
Below 2°C – Steady transition to a global low carbon economy – Required by the TCFD recommendations – Aligns with the Group's net-zero target	NGFS Below 2 degrees	IPCC SSP1 RCP2.6
2-3°C disorderly transition – Delayed and disorderly transition leading to notable transition and physical impacts	NGFS Delayed Transition	IPCC SSP2 RCP4.5
4°C – Business as usual emissions – Assumes climate inaction – No additional policies are implemented to address the climate agenda and temperatures rise to 4°C above pre-industrial levels	NGFS Current Policies	IPCC SSP5 RCP8.5

*Below 2°C scenario has been used which is also a low carbon scenario.

Following our qualitative CSA, we conducted a quantitative CSA for our direct operations to quantify the potential financial impact, as well as other business impacts, such as consumer sentiment and impacts to our value chain in relation to key risks.

Additionally, the assessment allowed the Group to identify risk hotspot locations to inform mitigation actions. The following physical risks were analysed in the quantitative CSA:

- Extreme weather events disrupting offices and distribution centres
- Increased office and showroom energy requirements for heating and cooling.

To assess the exposure of our sites to extreme weather events and increased energy requirements for heating and cooling, we considered the following indicators:

- Fluvial flooding
- Hurricane flooding
- Days exceeding 35°C and 38°C
- Cooling degree days (the sum of the number of degrees that a day's average temperature is above 18°C)
- Heating degree days (the sum of the temperature increment between the day's average temperature and 18°C and the number of days this occurs)
- Wind speed

The key findings were reported in our Annual Report and Accounts 2022, and have enabled the Group to identify climate-related risk areas within our operations and implement adaptive measures as described in the risk table on pages 98 to 100, allowing us to strengthen the resilience of our strategy to climate-related risks and opportunities.

The impact of carbon pricing on energy consumption and direct emissions was also considered. Although this risk was identified as a medium risk in the qualitative CSA, further assessment showed a low risk. Understanding the impact of carbon pricing allows us to identify risks directly linked to our Scope 1 and 2 emissions and establish an understanding of cost surrounding potential market, policy and technological changes intended to facilitate the transition to a low carbon economy.

SUPPLY CHAIN ANALYSIS

During FY23, we engaged with internal and external stakeholders through a series of workshops, to discuss, determine and consider climate-related risks and opportunities that could have a material impact on our supply chain.

Key logistics routes, storage sites and warehouses within our supply chain were identified and the impacts of risks caused by the identified hazards were assessed in both a low carbon and high carbon scenario up to 2040.

	Risks	Opportunities
Climate-related risks identified during a mapping exercise and CSA of our supply chain	Extreme weather events disrupting logistics, caused by hazards including: – Extreme precipitation at two logistics sites in the UK – Extreme heat at one logistics site in the US – Cyclones and hurricanes at one logistic site in the US	Improve business continuity and planning
	– Raw material extraction (minerals and agriculture) disrupted. – Extreme heat at a stainless steel mining location in China	Build climate-related clauses into relevant contracts
	Introduction of carbon pricing	
	Legal requirement for electric or alternative fuel fleet in the UK	

The results of our supply chain quantitative CSA have highlighted the robustness and resilience of the Group's supply chain management when faced with value chain climate-related risk, in both a low and high carbon scenario and we have found that the overall impact to the Group's operations is low for the risks analysed so far.

From a logistics perspective, the Group has flexibility to work with various suppliers across all geographies it operates within, in order to fulfil door-to-door deliveries and web orders should one supplier be impacted by potential climate risks. In the UK, this includes leveraging a relationship with an alternate logistics partner to fulfil deliveries directly to showrooms should a supplier be impacted by a climate-related risk. Past global events such as the pandemic, where the Group's operations were not significantly impacted, have demonstrated the resilience of our logistics operations and ability to adapt to change.

From a financial perspective there would be little to no impact in either scenario due to the ability to swiftly switch suppliers, which is built into our business continuity plan. This has also been considered in the budget timelines looking ahead 12 months and long range, with some of these costs being budgeted into increased insurance premiums. In some instances, switching logistics partners would result in a cost saving, due to the premium delivery services of one of our suppliers.

There are also contractual and legal processes in place to mitigate the impact of climate-related risk from our suppliers, including long-term purchase agreements and minimum quantity contracts, enabling us to keep large stock in our warehouses.

Regarding transition risks, we have also considered the reputational risk of our suppliers not transitioning to EVs. This will only impact us if this slow uptake hinders the Group's decarbonisation goals.

Furthermore, our analysis found that the Group's own suppliers have well-established climate risk mitigation actions in place.

Engagement with key suppliers is in progress to understand how vulnerable they are to disruption of raw material extraction due to extreme heat, as well as carbon pricing across the area they operate in for stainless steel. This engagement will allow the Group to understand the resilience of the supplier against both climate hazards.

In FY24, we will explore these risks and opportunities in further detail, integrating the analysis further into our business strategy and risk management processes as well as focussing on developing longer-term climate mitigation and adaptation planning.

CLIMATE-RELATED RISKS

Our commitment to reach net-zero emissions and manage emerging risks associated with extreme weather and increasing temperatures presents physical and transitional risks, as well as opportunities, to our business.

Risks are prioritised using impact ratings of Low, Medium, or High, and are determined by combining the likelihood of the risk arising, with the potential impact of the risk, should it happen. This impact scoring is in line with the Group's risk register where the materiality of each risk is considered.

We consider 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 presented within the transition to a low carbon economy (resource efficiency, energy source, products and services and market opportunity).

When assessing risks, we consider all our geographies. We have a relatively small number of operational sites (offices, showrooms and distribution centres) across the UK, US and Europe, however, risks are likely to vary across different regions and site types.

The process for identifying and assessing climate-related risks and opportunities is set out in our Climate Governance framework on page 59. The risks could potentially result in changes to the demand for our products, our operational costs, the regulatory environment, and present a physical risk to our showrooms in addition to supply chain risks. The risks are composed of a combination of interrelated elements that could impact the Group.

The table on pages 98 to 101 includes all High rated risks we have identified pre-mitigation, which is where we are focussing our adaptive initiatives. While Medium or Low risks considered are not reported in this table, all identified risks will be publicly disclosed within our response to the CDP questionnaire on climate change in July 2023. All identified climate-related risks and opportunities will be reviewed bi-annually.

To achieve our emissions reduction targets, active holistic management of all climate -related risk components is important. Emission reduction pathways consider the direct and supply chain impacts on biodiversity and the impact that the changing climate may have on the viability of initiative selection.

CLIMATE-RELATED RISKS RELATED TO OUR DIRECT OPERATIONS

Risk Type	Risk Category	Scenario	Time horizon		
			Short	Medium	Long
ACUTE PHYSICAL Cyclone, hurricane, typhoon	**High** Physical	● 1.5°C			

Detail
In the US (particularly Florida) hurricanes are an annual occurrence which could disrupt the ability to receive products and distribute them around the country.

Mitigation
We have insurance policies in place to cover financial losses, either partially or fully and based on international spread and our showroom presence. Physical controls are also in place. Suppliers are able to send products directly to showrooms.

Magnitude of Impact: post-mitigation	Likelihood of Impact: post-mitigation	Financial impact
Minor	Likely	1-5% of EBIT

Risk Type	Risk Category	Scenario	Short	Medium	Long
ACUTE PHYSICAL Flood (coastal, fluvial, pluvial, groundwater)	**High** Physical	● 1.5°C			

Detail
Increased extreme rainfall could lead to flash flooding and increased fluvial flooding.

Specific considerations made in relation to pluvial flooding at key distribution locations.

Mitigation
Showrooms are generally leased for <10 years, so this has not been identified as a material 'stranded assets' risk linked to gradual sea-level rise. As leases expire, we carry out a case-by-case review and have the option of relocating showrooms to areas with less risk.

Risk assessments carried out at key distribution locations indicated a low risk with supplier ability to send products directly to showrooms if required.

Magnitude of Impact: post-mitigation	Likelihood of Impact: post-mitigation	Financial impact
Minor	Likely	1-5% of EBIT

Risk Type	Risk Category	Scenario	Short	Medium	Long
CHRONIC PHYSICAL Changing temperature	**High** Physical	● 1.5°C			

Detail
A changing climate and extreme weather events are likely to increase energy consumption associated with heating and cooling.

Mitigation
Continued engagement with landlords to ensure the most up to date and efficient energy processes are in place.

Investment in the most efficient and reliable HVAC systems which are regularly serviced.

Temperatures are set and automatically switch off at night when colleagues leave the premises at night.

Magnitude of Impact: post-mitigation	Likelihood of Impact: post-mitigation	Financial impact
Negligible	Moderate	< 1% EBIT

Risk Type	Risk Category	Scenario	Time horizon: Short	Time horizon: Medium	Time horizon: Long
LEGISLATIVE The UK Government's ban on the sale of new petrol and diesel cars comes into effect from 2030 with the sale of hybrids being outlawed from 2035. Although the Group has a small fleet of vehicles in the UK, there is a risk that the changes in regulations may impact our direct operation and supply chain logistics.	**High** Transition	n/a			
Detail New policies and regulations are expected to be implemented over the next decade with a shift towards a low carbon economy, resulting in a need for the Group to prepare and plan for resulting changes. **Mitigation** – Governance structure in place to identify upcoming legislative changes and act early – We are transitioning to a 100% EV or alternative fuel fleet across our Group – In the UK, 81% of our fleet is now EV or hybrid and we have a target of transitioning to a fully electric fleet by 2025. Our new UK Support Centre has 20 EV charge points with capacity for a further 20 – Through our ESG Partner Standards, we ask supplier partners to continually improve the efficiency of their transportation and logistics to reduce pollution and emissions and participate in joint industry transportation initiatives such as EV100			**Magnitude of Impact: post-mitigation** Negligible	**Likelihood of Impact: post-mitigation** Almost certain	**Financial impact** < 1% EBIT
LEGISLATIVE Cost of non-compliance with environmental legislation	**High** Transition	n/a			
Detail Head of Sustainability and ESG along with governance structure in place to ensure the Group avoids any non-compliance. **Mitigation** The cost of non-compliance would be significant, however, regulatory requirements are closely monitored by our Head of Sustainability and ESG and supported by strong governance processes. External expertise is used as required when opening showrooms in new jurisdictions.			**Magnitude of Impact: post-mitigation** Negligible	**Likelihood of Impact: post-mitigation** Unlikely	**Financial impact** <1% EBIT

CLIMATE-RELATED RISKS RELATED TO OUR DIRECT OPERATIONS

Risk Type	Risk Category	Scenario	Time horizon		
			Short	Medium	Long
REPUTATION Growing expectations for responsible conduct from stakeholders, including investors, lenders and clients	**High** Transition	n/a			

Detail
Growing expectations for responsible conduct from stakeholders, including investors, lenders and clients.

Mitigation
- Growth of our pre-owned business
- In line with our new ESG Partner Standards, our goal is to achieve full traceability of products
- We have begun to highlight the sustainable attributes of the products we sell and services we offer, and in March 2023 launched the first watch to be born from the circular economy, ID Genève. Supplier partners must agree with the terms of our Vendor Code of Conduct, or have its own equivalent, and comply with all international laws and regulations
- We conduct third party on-site audits help us to safeguard the integrity and reputation of our business operation and partnerships

Magnitude of Impact: post-mitigation	Likelihood of Impact: post-mitigation	Financial impact
Negligible	Likely	< 1% EBIT

Risk Type	Risk Category	Scenario	Time horizon		
			Short	Medium	Long
ACUTE PHYSICAL Hazard: Extreme Heat Logistics Hub, Memphis, Tennessee (third party)	**High** Physical	● **<2°C** ● 4°C			

Detail
Flexibility and ease of switching suppliers in case of outage is built into our business continuity plan.

Due to the nature of our product, delays at suppliers' distribution centres would not have a significant impact on our operations as the Group has strong client relationships and communications in place for such delays.

Mitigation
The third party supplier site has implemented various mitigation actions to limit disruption from extreme heat following a critical incident involving a worker, including the deployment of tower breezers, water fountains, ice machines and distribution of 120,000 water bottles for workers a day.

A new supplier building is being constructed that can withstand extreme heat and maintain a constant working temperature of 50-80 degrees Fahrenheit. The hub also has the flexibility to transfer items between buildings to ensure the continuity of deliveries.

Magnitude of Impact: post-mitigation	Likelihood of Impact: post-mitigation	Financial impact
Negligible	Likely	1- 5% of EBIT

CLIMATE-RELATED OPPORTUNITIES

While we recognise these risks, the opportunity around the transition to a low carbon economy is also significant. Key opportunities identified during our qualitative CSA are detailed below:

Opportunity	Risk Category	Type	Time horizon: Short	Time horizon: Medium	Time horizon: Long
DOWNSTREAM Marketing on the prolonged lifetime of watches and jewellery to encourage clients to retain and repair watches and jewellery instead of disposing of them	**High** Transition	Products and services			
Detail Marketing to retain and repair products instead of disposing.	**Financial planning considerations** 10 - 20% of EBIT	**Explanation of financial impact figure** – To realise this opportunity, we are committed to showcasing the sustainable attributes of the products we sell and services we offer – We are increasing our repairs and servicing capacity to include a new 6,000 sq ft Repairs and Servicing Centre in Leicester to provide additional repairs and servicing support for our strategic brand partners – We have ambitious plans for our pre-owned business in FY24, with the launch of a new Rolex certified pre-owned business – We are promoting the sale of pre-owned watches in the UK and US – We continue to grow our team of highly skilled and accredited watchmakers			
DIRECT OPERATIONS Energy efficiencies in showrooms, offices and distribution centres	**High** Transition	Energy source			
Detail Use of lower-emission sources of energy.	**Financial planning considerations** <1% of EBIT	**Explanation of financial impact figure** – In line with our mitigation strategy, 100% of UK stores within our control are powered by renewable electricity with Renewable Energy Guarantees of Origin (REGOs) – In the US, more showrooms are rented from landlords with inclusive energy contracts, meaning visibility of the sourcing of energy is more challenging. Continued engagement with landlords is key to meeting targets in this area – 92% of properties across our Group use LED lighting and this is standard in all new properties			
DIRECT OPERATIONS Use of renewable energy in showrooms and offices	**High** Transition	Resource efficiency			
Detail Use of lower-emission sources of energy.	**Financial planning considerations** <1% of EBIT	**Explanation of financial impact figure** – The Variable Flow System (VRF) with heat pumps is estimated to reduce energy consumption in our Leicester Support Centre by 58% per annum. Solar panels will cut carbon emissions by an estimated 51% and result in substantial cost savings over the long-term – 100% of UK properties are now powered with renewable energy			
SUPPLY CHAIN Proactive collaboration with suppliers to reduce energy	**High** Transition	Resource efficiency			
Detail Use of lower-emission sources of energy.	**Financial planning considerations** <1% of EBIT	**Explanation of financial impact figure** To realise this opportunity, we are working to engage with our suppliers to understand where the most energy intensive parts of the business are. This will allow us to effectively reduce energy consumption and therefore carbon emissions			

CLIMATE RISK MANAGEMENT

The Group defines risk as uncertainty around the ability to achieve its objectives and execute its strategy effectively. In FY22, we reclassified climate change as a principal risk to better manage associated risks and opportunities.

The Group has embedded a robust risk management process across all principal risks which is outlined on pages 112 to 114.

Our risk management framework helps identify, assess, manage, and monitor risks to within the risk appetite set by the Board, while taking advantage of opportunities as they are presented. Management is responsible for minimising the adverse exposure to the Group and its stakeholders.

To identify and assess climate-related risks within our business operation, we conducted a qualitative climate scenario analysis in FY22 and the results are reported within the strategy section of our TCFD disclosure. The classification of climate risks identified is outlined in the strategy section of our disclosure and is in line with the Group's risk register, with the materiality of each risk being considered. Further details can be found on page 95.

In FY23, we established more detailed risk classification frameworks and financial boundaries, which our climate risks and opportunities now sit within.

Since our last disclosure in FY22, we also carried out a mapping exercise of our supply chain, followed by a quantitative CSA and a series of workshops with internal and external stakeholders, to identify, manage and mitigate climate-related supply chain risks.

Climate risks are monitored on an ongoing basis, which allows us to capture any changes and adapt fluidly.

METRICS AND TARGETS

The Group is committed to achieving net-zero emissions by 2050 and in March 2023, our near-term emissions reduction target was verified by the Science Based Targets initiative (SBTi).

Public Commitments	Near term SBTs aligned to 1.5°C under Paris Climate Agreement	Net-zero
Scope 1 and 2	50% reduction in absolute emissions by 2030 from a FY20 base year	2050
Scope 3	42% reduction in absolute emissions by 2030 from a FY20 base year	

We responded to the CDP questionnaire on climate change for the first time in May 2022 and scored a C. We have an ambition to improve our CDP score each year, which will require us to build an in-depth understanding of climate-related risk and enable us to review and improve on our carbon impact.

The Group has implemented several emission reduction initiatives across our operations and value chain as part of its strategy to achieve net-zero carbon emissions before 2050 which are reported on pages 84 to 89 of this report.

Risk	Scope	Metrics to monitor risks
Extreme weather events disrupting offices and distribution centres	Group	Improve our CDP score year-on-year
Increased energy requirements	Group	Transition to 100% renewable energy wherever possible (including landlord energy supplies) by 2025
	Group	Transition to 100% LEDs in all showrooms and warehouses within our control by 2025
Legal requirement for fleet and company cars to be Electric Vehicles (EVs)	Group	Transition to EV or alternative fuel fleet by 2030
Changing consumer preferences	Group	Year-on-year increase in watches kept in circulation through repair, servicing and / or resale, measured by % of new watches sold
		50% of product suppliers aligned with relevant, well recognised sustainability standards or certifications by 2025
		Own brand packaging recyclable by 2030

The below table summarises the metrics the Group will use to monitor our supply chain risks going forward.

Risk	Metrics
Extreme weather events disrupting offices and distribution centres	Monitoring the cost of extreme weather damage across supplier sites on an annual basis
Raw material extraction (minerals and agriculture) disrupted	Keeping watches in circulation through repairs, servicing and our pre-owned business
Carbon price introduced	Reduction in Scope 1, 2 and 3 intensity metrics
Legal requirement for fleet and company cars to use electric or alternative fuel	Increase client deliveries by electric and alternative fuel vehicles

TCFD PROGRESS ROADMAP

The timeline below summarises progress and key steps taken by the Group on our journey to fully align to the TCFD recommendations.

FY21

- ESG Committee established, responsible for risk identification and management
- Disclosure of our first voluntary TCFD Annual Report narrative
- Collaboration with an external consultancy to undertake a TCFD gap analysis to identify potential gaps against TCFD recommendations
- Undertook a qualitative and quantitative Climate Scenario Assessment of our operation against multiple scenarios

FY22

- Increased climate change to a principal risk
- Board Chair given overall responsibility for climate-related issues
- Measured Scope 3 emissions for the first time
- Committed to setting a near-term science-based targets through the Science Based Targets initiative (SBTi)
- Scope 1,2 and 3 emissions externally verified

FY23

- Near-term SBT was externally verified by the SBTi
- Financial boundaries and planning process defined
- Responded to CDP questionnaire on climate change for first time and scored a C.
- Conducted a quantitative CSA on key climate-related risks across our value chain
- Supply Chain Engagement Strategy initiated to help manage and mitigate our value chain emissions
- Continued to implement EcoVadis, to help manage our value chain emissions
- Embedded ESG into our budgeting and planning process

FY24+

- We will explore identified risks and opportunities in further detail, integrating the analysis further into our business strategy and risk management processes as well as focusing on developing longer-term climate mitigation and adaptation planning
- We will study the impact of carbon pricing to identify risks directly linked to our Scope 1 and 2 emissions and understand the cost surrounding potential market, policy and technological changes to facilitate the transition to a low carbon economy
- We will continue to engage with supplier partners to reduce Scope 3 emissions

EMISSIONS TABLE

	FY23				FY22**				FY20 Baseline**		
Global GHG Emissions Data	**UK**	**Europe**	**US**	**Total**	**UK**	**Europe**	**US**	**Total**	**UK**	**US**	**Total**
Scope 1: Direct combustion from owned and controlled sources (tCO_2e)	133	–	126	**259**	263	–	83	**346**	264	64	**328**
Scope 2: Indirect emissions from the generation of purchased electricity, heat, steam or cooling (Location-based) (tCO_2e)	1,687	8	1,912	**3,607**	1,611	1	1,640	**3,252**	2,344	1,456	**3,800**
Total Gross Scope 1 and 2 (tCO_2e)	**1,820**	**8**	**2,038**	**3,866**	**1,874**	**1**	**1,723**	**3,598**	**2,608**	**1,520**	**4,128**
Total energy consumption associated with the Scope 1 and 2 emissions (kWh)	9,311,919	111,711	5,218,844	**14,642,474**	8,595,086	5,620	4,757,151	**13,357,857**	10,281,037	3,969,453	**14,250,490**
Scope 3 Emissions											
Category 1 – Purchased Goods and Services (1)	85,316	542	57,212	**143,070**	92,760	24	40,551	**133,335**	67,200	24,492	**91,692**
Category 2 – Capital Goods (1)	22,150	2,896	9,394	**34,440**	16,984	–	7,824	**24,808**	8,616	4,565	**13,181**
Category 3 – Fuel- and energy-related activities (2)	619	7	473	**1,099**	649	–	639	**1,288**	606	392	**998**
Category 4 – Upstream Transportation and Distribution (1)	2,214	27	2,786	**5,027**	2,569	–	1,595	**4,164**	1,901	1,065	**2,966**
Category 5 – Waste Generated in Operations (3)	24	2	8	**34**	10	–	2	**12**	7	–	**7**
Category 6 – Business Travel * (4)	–	–	–	**1,781**	–	–	–	**1,067**	–	–	**917**
Category 7 – Employee Commuting (5)	2,025	23	730	**2,778**	1,628	–	573	**2,201**	1,318	426	**1,744**
Category 11 – Use of Sold of Products * (6)	–	–	–	**7**	–	–	–	**8**	–	–	**1**
Category 12 – End-of-life treatment of Sold Products (7)	106	–	32	**138**	64	–	16	**80**	70	6	**76**
Total Gross Scope 3 (tCO_2e)	**112,454**	**3,497**	**70,635**	**188,374**	**114,664**	**24**	**51,200**	**166,963**	**79,718**	**30,946**	**111,582**
Total Gross Emissions (tCO_2e)				**192,240**				**170,561**			**115,710**

	FY23			FY22			FY20 Baseline**		
Emission Intensities	**UK and Europe**	**US**	**Total**	**UK and Europe**	**US**	**Total**	**UK**	**US**	**Total**
Revenue (£'000)	889,858	652,928	**1,542,786**	809,601	428,383	**1,237,984**	585,473	225,039	**810,512**
Scope 1 & 2 Intensity Ratio (tCO_2e per £'000 revenue)	0.0021	0.0031	**0.0025**	0.0023	0.0040	**0.0029**	0.0045	0.0068	**0.0051**
Scope 3 Intensity Ratio (tCO_2e per £'000 revenue)*			**0.1221**			**0.1349**			**0.1377**
Scope 3 Intensity Ratio (tCO_2e per sq ft)*			**0.2843**			**0.3067**			**0.2253**
Total Emissions Intensity Ratio (tCO_2e per £'000 revenue)			**0.1246**			**0.1378**			**0.1428**
Total Emissions Intensity Ratio (tCO_2e per sq ft)			**0.2901**			**0.3133**			**0.2336**

* **Calculated as Group Figure.**

** **The FY22 and FY20 Baseline Scope 3 figures have been updated, refer to page 105 for full details.**

Methodology

The Group's approach to calculating and reporting its greenhouse gas (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 Group uses five external data sources for emissions factors, being:

1. UK Government GHG conversion factors for company reporting (2022 Department for Business, Energy & Industrial Strategy (BEIS) condensed set, full set and methodology). These are used to convert our car fleet mileage to kWh and tCO_2e, and our electricity, gas and refrigerant usage to tCO_2e.
2. US Environmental Protection Agency (EPA) (eGRID) emissions factors for greenhouse gas inventories for US electricity generation (eGRID 2023) and US EPA GHG equivalencies calculator to convert therms to tCO_2e for gas usage.
3. Manufacturers' emissions factors for cars, uplifted for the UK real-world factor (2022 BEIS Government GHG conversion factors for company reporting).
4. European Environment Agency GHG emission intensity for conversion of electricity kWh to tCO_2e for Germany, Denmark and Sweden.
5. Sustainable Energy Authority of Ireland conversion factors for conversion of Ireland electricity kWh to tCO_2e.

All Scope 3 emission calculations follow the guidelines and methodologies that are outlined in the Greenhouse Gas Protocol. The Greenhouse Gas Protocol is the most widely used greenhouse gas accounting standard. It provides a framework for businesses and governments to measure and report their greenhouse gas emissions.

Emission Conversion Factors from the BEIS and the EPA have been used. For US operations, emission factors from the International Energy Agency have also been used for the estimation of emissions relating to T&D losses.

See below more information regarding the methodology and data sources that were used for the Scope 3 calculations.

(1) Spend-based emission factors from the Environmentally Extented Input Output CEDA Global version 6 database have been employed for the emission calculations due to limited primary activity data.

(2) Well-To-Tank (WTT) and Transmission and Distribution (T&D) emissions have been calculated using the BEIS and IEA emission factors for the Group's electricity, natural gas and fuel used in company owned vehicles.

(3) Emissions related to the Group's office and stores waste disposal activity. Emissions calculations have taken into consideration % of waste landfilled and % of waste diverted from landfill. BEIS emission factors have been used.

(4) Business travel emission consider emissions relating to Hotel Stays, Flights, Taxi rides as well as Tube/Rail journeys. A combination of both EEIO spend-based and BEIS emission factors have been used.

(5) Employee commuting and home working emissions have been calculated using EcoAct's proprietary Homeworking emissions Whitepaper (https://info.eco-act.com/en/homeworking-emissions-whitepaper-2020).

(6) Emissions that relate to the energy consumed from the Group's Quartz and Smart watches that require electricity for the charging of their battery.

(7) Emissions relating to the disposal of product packaging. BEIS emission factors are used for UK operations while EPA factors have been used for US operations. NOTE - emissions relating to the disposal of watches and jewellery have been excluded from the calculation as these products are high in value and they are either repurposed or resold within a 100-year timeframe.

The Scope 1, 2 and 3 emissions and energy consumption data for FY23 have been independently assured through a limited assurance engagement conducted in accordance with International Standard on Assurance Engagements (ISAE) 3410 'Assurance Engagements on Greenhouse Gas', by BDO LLP.

CEDA AND EMISSIONS REBASELINING

Our Scope 3 emissions include calculations using spend-based activity data and average emission factors. Emission factors are derived from the Comprehensive Environmental Data Archive (CEDA), an environmentally extended input-output (EEIO) database published by VitalMetrics. In 2023, we updated our emission factors from CEDA version 5 to CEDA Global (version 6) to ensure the most up-to-date data is reflected in our calculation.

The main change between the two versions was the update of the database's baseline economic data from 2014 to 2018.

The change of the CEDA emission factors has resulted in a material variance of more than 5% to our Scope 3 emissions inventory. This change has impacted the emissions values of Category 1, Category 2 and Category 4; all of which have been calculated using the updated CEDA emission factors.

As such, following the guidelines of our restatement policy we have proceeded with the recalculation and restatement of our previous emission figures for all three categories.

Our Scope 3 Category 1, 2 and 4 emissions for the baseline year FY20 and our most recent year FY22 have been restated using CEDA Global (version 6) emission factors.

Looking ahead we will be collaborating with our suppliers to collect primary emissions data and seeking to include them in our emissions inventory. We aim to move away from spend-based calculations, reducing uncertainty and hence looking to prove and claim credible emissions reductions.

OUR PRODUCTS

CARING ABOUT OUR PRODUCTS

We care about the products we sell, how they're made and who makes them and support the aims of the Watch & Jewellery Initiative 2030 to create a fully sustainable watch and jewellery industry that is resilient to climate change, preserves natural resources and fosters inclusivity.

SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

FY23 PERFORMANCE HIGHLIGHTS

- Updated our Vendor Code of Conduct and developed new ESG Partner Standards
- Partnered with international non-profit organisation, the Slave-Free Alliance and undertook an independent review of our response to the risk of modern slavery
- Updated Modern Slavery Statement with enhanced commitments
- Mapped our supply chain, conducted a climate risk assessment and identified key climate-related supply chain risks
- Independently audited 9% of our watch and jewellery supplier partners
- Exclusive launch of the first truly 'circular' luxury watch, ID Genève
- New Executive Director, Global Buying and Merchandising

FY24 AREAS OF FOCUS

- Ongoing supply chain engagement with our ESG Partner Standards
- 50% of primary brand partners and suppliers aligned with relevant, well recognised sustainability standards or certifications
- Aligning independent audits with new Vendor Code of Conduct and increasing number of audits
- Continuing to map supplier partners onto our Supply Chain Management System, EcoVadis
- Progressing our Modern Slavery Roadmap
- Equipping colleagues with training and resources to help clients make more informed purchasing decisions

RESPONSIBLE SOURCING

We want to help clients make more sustainable choices by promoting the sustainability of well-made watches and jewellery, highlighting innovation and advancements in circular design, and growing our range of products with positive environmental and social attributes.

We have a duty of care to ensure our supply chain operates responsibly and that everyone we do business with respects and protects the lives of workers, their communities, and the environment.

Collaboration with supplier partners is key to achieving our goals and mitigating negative impacts from a changing climate, so in FY23, we began a supply chain engagement programme aimed at strengthening relationships with suppliers who adopt our social and environmental principles and strive to continuously improve their performance for our mutual long-term benefit.

In January 2023, we welcomed Eric Macaire to our business in a newly created role as Executive Director, Global Buying and Merchandising. Eric is working closely with our brand partners to develop our global product strategy, further strengthen relationships and help us to deliver our Purpose.

OUR BUSINESS IMPACTS

We partner with circa 2,000 Tier 1 suppliers, including over 100 watch and jewellery suppliers worldwide.

We acknowledge the watch and jewellery industry has an increased risk of human rights violations within its precious metals, diamonds and gemstones mining supply chains. There is also the potential for negative environmental impacts as a result of mining processes.

The Group predominantly operates in countries where high social standards apply and contracts with reputable supplier partners, however, we continue to exercise due diligence in all our interactions and strive to go beyond basic risk management and compliance, by integrating human rights and environmental considerations into all our decision-making processes.

VENDOR CODE OF CONDUCT

Our Vendor Code of Conduct ('Code') sets out our minimum requirements across human rights, labour, environment, anti-corruption, integrity, business ethics, data security and social impact, which must be applied in addition to compliance with all relevant national and international laws and legislation. All active suppliers must read, sign and adhere to our Code, or publish an equivalent commitment.

Following a review in FY23, we enhanced our Code to align with our Purpose and introduced training to equip relevant colleagues with the knowledge and skills they need to help uphold the principles of our Code.

Anyone with genuine suspicions about the contravention of our Code is encouraged to report their concerns through our confidential global Whistleblowing process, which uses an independent reporting facility, available in multiple languages.

ESG PARTNER STANDARDS

In FY23, we developed new ESG Partner Standards, which support our Vendor Code of Conduct and provide comprehensive guidance in relation to the common practices we expect throughout our global supply chain and in all our dealings.

These Standards are designed to help us proactively engage new and existing supplier partners with our Purpose and strategic goals, while encouraging collaboration and helping to ensure the products we sell and services we use, meet the highest environmental and social standards and performance criteria.

ALIGNMENT WITH WELL-RECOGNISED CERTIFICATIONS

We strongly encourage all supplier partners to align with relevant, well-recognised sustainability standards and certifications, which includes the Responsible Jewellery Council (RJC) for watch and jewellery providers. The RJC is a registered not-for-profit company and the world's largest standards authority for responsible jewellery.

At the time of this report, 35% of our watch and jewellery suppliers are accredited members of the RJC and, as such, are subject to rigorous independent audits to ensure compliance with the RJC's exacting standards of business practice.

We also encourage membership of trade initiatives, such as the Watch & Jewellery Initiative 2030, which aims to support the industry in building climate resilience, preserving resources and fostering inclusiveness.

PRODUCT INFORMATION

In line with our goal to help clients make more informed purchasing decisions and protect clients from any negative consequences or disappointment, we encourage supplier partners to provide detailed, accurate information about a product's features, origins, materials and any potential health and safety risks.

Our ESG Partner Standards detail our requirement for supplier partners to comply with internationally accepted standards and existing obligations under consumer protection law and safety legislation.

HUMAN RIGHTS AND MODERN SLAVERY

We are committed to ensuring nobody involved in the production, distribution or sale of our products is a victim of any form of modern slavery and have measures in place to identify, assess and mitigate potential labour and human rights abuses across our value chain.

Our Vendor Code of Conduct includes specific requirements founded on the conventions of the International Labour Organisation, which are guided by international human rights principles and encompassed by the Universal Declaration of Human Rights.

To further demonstrate our commitment to minimising the risk of encountering human rights issues within our operation and supply chain, in August 2022, we entered into a three-year partnership with Slave-Free Alliance (SFA).

This international social enterprise, owned by global anti-slavery charity 'Hope for Justice', is supporting our business by reviewing policies, processes, and due diligence, as well as enhancing training on human rights and labour standards.

In September 2022, key-decision makers and colleagues in roles with an increased risk of exposure to instances of modern slavery, attended a bespoke training workshop hosted by the SFA, and in October, we used international Anti-Slavery Day to launch a wider colleague engagement programme to increase awareness and understanding of this issue.

In December 2022, the SFA carried out a comprehensive gap analysis of our operations and in FY24 we will work with them to implement their recommendations, to further build our resilience to modern slavery and labour exploitation.

There have been no violations reported in relation to human rights by our Group businesses in FY23. More information on our commitment and approach to human rights can be found in our Modern Slavery Statement, which is available at thewosgroupplc.com.

DUE DILIGENCE AND FACTORY AUDITS

The Group is committed to going beyond basic risk management and compliance within our supply chain to protect human rights and minimise our impact on the environment.

To manage and monitor supply chain performance and compliance, colleagues with a responsibility for sourcing are trained to assess environmental and social risks and identify collaborative opportunities.

We use leading global supply chain management system, EcoVadis, to support greater transparency and due diligence. The EcoVadis IQ technology helps us map, monitor and manage sustainability risks within our supply chain using smart automation and analytics.

Risks are calculated using factors such as the type of goods or service supplied, geographic location, and criticality to our business and reputation. Partners deemed 'High Risk' may be subject to an on-site independent audit and Corrective Action Plan.

FACTORY AUDITS

On-site audits help us to safeguard the integrity and reputation of our business operation and partnerships.

Any supplier partner not exempted from an onsite assessment in the qualification process, may be asked to undergo an audit to support compliance with our terms.

Audits are carried out by specialist independent auditors with expert knowledge of local laws and practices. They assess facilities against over 200 indicators consistent with our terms and conditions and produce a report with a Low to Critical Risk classification.

The majority of our watch supplier partners operate in countries where high social standards apply, therefore manufacturers identified as High Risk are primarily jewellery providers operating in Asia.

In FY23, we audited an initial nine of our 112 watch and jewellery suppliers and implemented six Corrective Action Plans. On receiving audit reports, we contact supplier partners directly and allow 30 days for any identified risks to be resolved.

FY23 FACTORY AUDITS

To review	Total Factories Audited	Low Risk	Intermediate Risk	High Risk	Critical Risk	Corrective Action Plans Completed	Delisted / not approved
Facilities Audited	9	3	1	3	2	6	0
After Corrective Action		9	n/a	n/a	n/a	6	0

Corrective actions are only resolved when the facility can evidence that the action has been satisfactorily remedied, which can be through the sharing of documentation, real-time video evidence, an onsite assessment by a trained colleague or a follow-up independent audit.

We are committed to building strong, long-term relationships with all of our partners and will always collaborate to resolve issues, wherever possible. However, if we find evidence of a serious breach of our terms, we will not hesitate to terminate our contract, make a public disclosure and notify the relevant authorities.

We are in the process of realigning our audit schedule with our revised Vendor Code of Conduct and ESG Partner Standards, and in FY24, we will increase the total number of supplier partner facilities we audit to 20%. Supplier partners who are accredited members of the RJC are also subject to third party audits as part of their RJC accreditation.

SUPPLY CHAIN MANAGEMENT

In addition to the EcoVadis IQ technology, which is helping us to identify and monitor sustainability risks within our supply chain, the EcoVadis system can facilitate full sustainability assessments of any supplier partner registered through the platform. Assessments are carried out in line with the Sustainability Accounting Standards Board (SASB) standards and supplier partners receive a bespoke scorecard containing details of how their business performs against key sustainability criteria, as well as guidance on areas for improvement.

In July 2022, we engaged a small number of supplier partners in relation to participating in a sustainability assessment through EcoVadis. Their feedback highlighted a need to provide supplier partners with comprehensive information about our environmental and social goals, as well as a guide to what they could expect from an assessment. This review led to the development of our ESG Partner Standards, which provide an overview of the key EcoVadis themes. For more information see page 83.

The Group is set to participate in an EcoVadis sustainability and carbon performance assessment in FY24 and will continue to encourage supplier partners to do the same, in line with our goal to partner with suppliers aligned with relevant well recognised standards and certifications and further strengthen our supply chain due diligence.

SANCTIONS

The Group complies with all relevant national and international law and legislation, which includes all UK Government sanctions and requirements, as well as those imposed by the US Department of the Treasury and its Office of Foreign Assets Control and we require our suppliers to do the same.

We continue to cease trade in diamonds, coloured gemstones and precious metals such as gold, silver and platinum from sanctioned Russian sources.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Our Vendor Code of Conduct and ESG Partner Standards set out our expectations in relation to freedom of association and collective bargaining and requires employers to adopt an open attitude towards trade unions and their activities. It is the Group's policy that all workers, without distinction, should have the right to establish and join organisations of their own choosing and bargain collectively without prior authorisation or interference from government or one another.

KIMBERLEY PROCESS CERTIFICATION SCHEME AND THE WORLD DIAMOND COUNCIL SYSTEM OF WARRANTIES

All suppliers of diamonds, or jewellery incorporating diamonds, must comply with the Kimberley Process Certification Scheme, as well as all laws in relation to this scheme and the World Diamond Council System of Warranties Assurance (WDC SoW).

Any diamonds supplied to us must be conflict free and accompanied by written guarantees in line with WDC SoW Assurance. We will not accept an invoice without this statement. Once a diamond is imported and ready for trade, we also require a WDC SoW Assurance statement on every invoice for rough diamonds, polished diamonds, or diamond jewellery, through to the final invoice to clients.

Records of warranty invoices received, as well as invoices issued when buying or selling diamonds, are audited and reconciled on an annual basis.

GOLD AND OTHER PRECIOUS METALS

An increasing number of our watch suppliers are using recycled gold in their production processes. All precious metals supplied to us must demonstrate legal compliance according to all the provisions of the financial market supervisory authority and be sourced from refineries on the London Bullion Market Association Good Delivery List or the UAE Gold Good Delivery Scheme.

ANIMAL WELFARE

We will not tolerate any harsh or inhumane treatment of animals and only buy watches through the most reputable manufacturers.

All watch suppliers must provide written confirmation that any animal skins used to make straps are sourced from farmed and sustainably managed sources and conform to relevant international laws, including the Convention on International Trade in Endangered Species (CITES).

We are growing our range of more socially and environmentally preferable product options, including straps made from vegan friendly materials.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) DUE DILIGENCE GUIDANCE

The OECD Due Diligence Guidance is a risk-based approach to help organisations avoid contributing to conflict, serious human rights impacts and financial crime through their operations by implementing the OECD 5-Step framework which includes embedding strong management systems, identifying risks, independent third party audits and transparency.

SUSTAINABLE ACCESSORIES: WOLF

POSITIVE LUXURY · BRANDS TO TRUST ·

WOLF watch winders, watch cases and travel rolls are crafted from vegan leather, comprising recycled plastics and apple leather. Their gift boxes and packing materials are plastic-free and made using FSC paper and recyclable corrugated and cardboard. The company also uses ocean freight to transport their products, which is almost fifty times cleaner than by air. In 2022, WOLF engaged with Positive Luxury to attain a coveted 'Butterfly Mark' accreditation which is an independent, globally respected trust mark awarded to luxury brands, retailers and suppliers that meet the highest standards of verified ESG performance.

BRIBERY, CORRUPTION, TAXATION AND HEALTH AND SAFETY

ANTI-BRIBERY, CORRUPTION & FRAUD

The Board has overall responsibility for the Anti-Bribery, Corruption & Fraud Policy, which is regularly reviewed by Senior Management and the Audit & Risk Committee. The Policy reinforces the Board's commitment to conducting the Group's business affairs to ensure that it does not engage in or facilitate any form of corruption. The aim of the Policy is to ensure compliance with applicable anti-bribery and corruption legislation and regulation and to ensure that colleagues act responsibly and ethically at all times when conducting business. The Policy sets out the Group's protocols in relation to hospitality and gifts.

The Group's Company Secretary & General Counsel has day-to-day responsibility for the Policy and reports to the Chair of the Audit & Risk Committee and to the Board as required. Colleagues are required to complete mandatory elearning annually.

During the year, the Policy was renamed the Anti-Bribery, Corruption & Fraud Policy (formerly Anti-Bribery & Corruption Policy) and amended to provide additional clarity and reinforcement of the Company's aversion to and strict protocols regarding fraudulent transactions. The Policy was also revised to provide greater understanding of the protocols surrounding the receiving and giving of gifts and hospitality. Additional review procedures concerning the gifts and hospitality register are now in place.

CODE OF ETHICS

During the year, the Board reviewed the Code of Ethics, which can be found on the corporate website thewosgroupplc.com. The Code of Ethics was further expanded to support changes made to the governance framework of the Company. This included; (i) incorporating changes made to the Anti-Bribery, Corruption & Fraud Policy; (ii) inclusion of the Competition Compliance; (iii) Environment Policy; (iv) Conflicts of Interest; and (v) Diversity & Inclusion Policy.

ANTI-MONEY LAUNDERING AND SANCTIONS

The Company has an Anti-Money Laundering (AML) Policy which was reviewed by the Board during the year. The Policy was updated to take into account the trading status of the Group. The Policy enforces a strict regime in the prevention of anti-money laundering. The externally facing Group Policy is supported by operational and local territory specific business policies.

TAXATION

We seek to build solid and constructive working relationships with all tax authorities. In February 2022, the Group achieved the Fair Tax Mark, which demonstrates best practice compliance with tax legislation. The Group pays corporation tax on all operations and does not operate in any tax havens or use any tax avoidance schemes.

The Board reviewed the Corporate Criminal Obligations (CCO) Policy which sets out the Group's zero tolerance approach to tax evasion; no changes were necessary from the prior year when the Policy was introduced. The CCO Policy describes the legal framework, information and guidance on how to recognise and deal with tax evasion matters. Compliance with the Policy and disclosures arising from it are included in the annual review undertaken by the Senior Accounting Officer. During the year training was delivered to relevant colleagues, including those in Support and Retail, and the Directors were provided with awareness documentation, as it is recognised this is an important part of the legislation. Further information on our Tax Strategy and CCO Policy can be found at thewosgroupplc.com.

PAYMENT PRACTICES

We understand the importance of maintaining good relationships with suppliers and have transparent payment terms and payment procedures to ensure prompt payment. It is Group policy to agree appropriate terms and conditions for transactions with suppliers (ranging from standard written terms to individually negotiated contracts) and for payments to be made in accordance with these terms, provided the vendor has complied with its obligations.

Our payment practices report is available at check-payment-practices.service. gov. uk/search, which showed the Group took on average 26 days to pay in the six-month period to the end of FY23.

RETURNS POLICY

The business operates a standard Returns Policy. The manufacturer's warranty for timepieces varies by brand and style, however, most warranties are usually valid for two years from the date of purchase, with three years of extended warranty for certain watch brands. If a timepiece malfunctions, we will, at our discretion, repair or replace the movement at no charge if such movement shows a manufacturer's defect under normal use.

DATA PROTECTION, INFORMATION SECURITY AND CYBER SECURITY

We have a responsibility to protect client and colleague personal data and use it appropriately, both electronic and physical information, from unauthorised access, processing, modification or destruction in line with all relevant international law and legislation. We have a dedicated Group Data Protection Officer reflecting the importance that is placed on this subject matter.

There a number of Group policies relating to data protection, information security and cyber in place within the Group and all colleagues are required to complete comprehensive data protection, information security and cyber training, on an annual basis. Regular phishing tests are also sent to all colleagues. All data protection policies and procedures are regularly monitored to ensure improvements are implemented wherever necessary. Further information on how we govern these associated risks can be found on page 118. The Company's controls and maturity of the information security and cyber security function are annually audited by an external provider.

The Company has not experienced any security breaches, including any third party information breaches, over the last three years and no fines or penalties have been incurred.

HEALTH & SAFETY

The Company has a Group Health & Safety Policy which was reviewed and updated by the Board during the year. Further information on the Company's health & safety activities can be found on page 72.

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 Chair of the Audit & Risk Committee receives a summary of all protected whistleblowing reports for communication to the Board.

During the year, the Board reviewed the Group's Whistleblowing Policy, and agreed some minor enhancements to the wording of the policy to ensure that the protocols on colleague retaliation were clarified and implemented.

Under the Policy, whilst colleagues are encouraged to report any concerns or complaints, without fear of recrimination, to their line manager in the first instance or to the Executive Director HR, the Board acknowledges there may be circumstances where such reporting lines may not be suitable or may discourage colleagues from speaking out.

We use an independent third party, which provides a global facility where all colleagues can raise their concerns confidentially, with the option of maintaining anonymity. Colleagues are required to complete mandatory elearning training annually.

RECOGNISING EFFECTIVE RISK MANAGEMENT

“Effective risk management is essential in supporting the delivery of the Group’s strategic objectives, achieving stakeholder value, and delivering long-term success.”

BRIAN DUFFY
CEO

The Watches of Switzerland Group defines risk as uncertainty around the organisation’s ability to achieve its objectives and execute its strategy effectively.

Risks can be positive (opportunities) and negative (threats) and are a combination of the likelihood of an event and the impact of the consequence.

Risk is inherent in both the Group’s operations and strategic decision-making. These risks and uncertainties could impact the delivery of strategic and operational objectives. Effective risk management helps support the successful delivery of the Group’s objectives. The Board’s role is central to understanding and providing oversight into how risks are being managed and addressed. The Board has established a framework of prudent and effective controls which enable risk to be assessed and managed. The Board takes responsibility for the management of risk and internal control systems throughout the business. This includes determining the nature and extent of the principal risks the Board is willing to take in achieving strategic objectives (the Board’s risk appetite), and challenging management’s implementation of effective systems of risk identification, assessment, prioritisation, and management.

The Audit & Risk Committee, on behalf of the Board, has responsibility for maintaining oversight of the Group’s framework for risk management. Whilst ultimate responsibility for the oversight of risk management rests with the Board, the effective day-to-day management of risk is embedded within the business through a layered assurance approach.

The Board recognises that risk management is an integral part of good corporate governance and management practice and to be most effective, should become embedded within the organisation’s culture. The Board is, therefore, committed to ensuring that risk management forms an integral part of its philosophy, practices, and business plans rather than being viewed or practised as a separate programme and that responsibility for implementation is accepted at all levels of the organisation. During the year, the Board reviewed the effectiveness of the Group’s risk management and internal controls systems. This review included the discussion and review of the risk registers and the internal controls across all business functions, as part of an annual exercise facilitated by the Internal Audit team.

RISK MANAGEMENT PROCESS

Climate-related risks follow the same framework as all other risks impacting the business. Additional information relating to the Group’s TCFD disclosures, including risk management compliance, governance, strategy, and TCFD related risks, can be found on pages 91 to 105.

1 IDENTIFY

- Risk registers are completed by each business function, identifying the risks in their areas of control
- The Audit & Risk Committee and Board identify key risks to the Group’s strategic priorities
- Horizon scanning takes place periodically with Senior Management

2 ASSESS

- The likelihood of risk occurrence and the potential impact of the risk are assessed. This assessment takes place before and after consideration of mitigating controls
- The risks are reviewed to determine their categorisation, including financial, operational, client, regulatory and reputational
- Appetite for each key risk is assessed with a target risk position agreed to reflect the level of risk that the business is willing to accept

3 MANAGE

- Controls and mitigation plans are implemented to manage the risks
- Consideration is given to the Board’s risk appetite to help determine the appropriate risk management strategy
- Actions are agreed to further manage the identified risks, in line with risk appetite and according to risk strategy

4 MONITOR

- Continued oversight and tracking of identified risks. These are presented to the Trading Board, the Board and the Audit & Risk Committee,
- Internal audit review the effectiveness of controls and identify gaps in control requiring further action
- Risk incidents are reviewed, and the lessons learned drive further mitigation

WHAT WE MONITOR

GROUP RISK REGISTER

Summary of the key risks facing the Group, prepared through review of departmental risks identified through the bottom-up risk identification process, and the Group level risks identified and owned by the Trading Board.

↑

OUR RISK LANDSCAPE

- Current risks: risks we are managing now that could stop us from achieving our strategic objectives
- Emerging risks: risks with a future potential impact from external or internal opportunities or threats

WHAT WE ASSESS

- Risk ownership: each risk has a named owner
- Likelihood and impact: globally applied scoring scale
- Gross risk: before mitigating controls
- Mitigating controls: subject to Internal Audit review
- Net risk: after mitigating controls applied
- Risk movement: any change in risk score since previous assessment
- Risk appetite: defined at subcategory level
- Target risk: overall target risk score
- Actions: for further mitigation, if required

OUR IDENTIFIED RISKS

Risks are categorised into one of six categories:

- Financial
- Operational
- Client
- People
- Regulatory
- ESG

↓

DEPARTMENTAL RISK REGISTERS

Owned by individual departments and teams across the Group. These identify specific risks and mitigating controls arising from day-to-day operations.

HOW WE MONITOR

The diagram below sets out the key responsibilities and key activities of the various functions of the Group in relation to risk management:

BOARD
Collective responsibility for the management of risk throughout the business

- Oversees the adoption of appropriate risk management systems that identify emerging and established risks facing the Group and its stakeholders
- Determines the nature and extent of the principal and emerging risks faced by the Group and those risks which the business is willing to take in achieving its strategic objectives (determining its 'risk appetite')
- Agrees how the principal risks should be managed or mitigated and over what timeframe to reduce the likelihood of their incidence or the magnitude of their impact
- Establishes clear internal and external communication channels on the identification of risk factors
- Determines the monitoring and review process
- Reviews and approves the Group Risk Management Policy

TRADING BOARD
Managing the risk management process on a day-to-day basis

- Conducts a quarterly review of the risk register and principal risks
- Members have responsibility for managing risk within their areas of responsibility
- Identifies new and emerging risks

AUDIT & RISK 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 and emerging risks twice a year, one of which is in connection with the consideration of the viability statement
- Reviews and oversees the Group risk register and risk management framework and assesses their effectiveness in mitigating Group level risks
- Reviews key risk areas with relevant Senior Managers to understand the nature of the risks and adequacy of the mitigations and controls in place

OPERATIONAL MANAGEMENT
Identifying and managing risks on a day-to-day basis

- Maintain the business function risk registers
- Identify and assess risk within their business functions and implement 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 showrooms and at other locations

- Provides an objective compliance and monitoring overview
- Identifies non-compliance with key business processes

INTERNAL AUDIT TEAM
Provides assurance to the Audit & Risk 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 & Risk Committee
- Ensures that principal risk topics are scheduled for regular review by the Board
- Shares risk management information and best practice across the Group

RISK APPETITE

THE UK CORPORATE GOVERNANCE CODE REQUIRES COMPANIES TO DETERMINE THEIR RISK APPETITE

Risk appetite is an expression of the amount and types of risk that the Group is willing to take to achieve its strategic and operational objectives. The Group accepts that it cannot achieve its long-term strategic objectives without being exposed to an element of risk. Understanding current and emerging risk is therefore integral to the Group's decision-making process.

The Board determines the amount of risk the Group is willing to accept in the pursuit of the Group's strategic objectives, dependent on the type of risk. In exploring risks and opportunities, we prioritise the interests and safety of our clients and colleagues and seek to protect the long-term value and reputation of the brand, while maximising commercial benefits to support responsible and sustained growth.

The Group assesses the level of risk exposure against its associated risk appetite to ensure that we appropriately prioritise our resources to manage risks within our risk appetite. Where the residual risk remains outside the Board's risk tolerance, additional actions are identified to further mitigate the risk down to an acceptable target level.

The Group's risk appetite and tolerance levels were considered and approved by the Board and are reviewed annually. These are used to set tolerance limits and target risks for each of the principal risks and refine mitigation plans where appropriate.

In summary, the Board has a very low appetite for risks that could lead to breaches of legal and regulatory requirements. The Group has a low appetite for risks that could impact its reputation, for example in the areas of data management and cyber security. In contrast, the Group has a higher risk appetite in relation to business strategy, as evidenced through our growth in the UK, US, and European markets.

IDENTIFICATION, EVALUATION AND MANAGEMENT OF THE GROUP'S RISKS

The 2018 UK Corporate Governance Code (the 'Code') states that the Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives and that it should maintain sound risk management and internal control systems.

The Board has completed its assessment of the Group's risk landscape and has identified these to be the most significant risks and uncertainties that may impact the Group's ability to achieve its strategic and operational goals. The Group recognises that the profile of risks constantly changes, and additional risks not presently known, or that may be currently deemed immaterial, may also impact the Group's business objectives (as detailed on pages 28 to 31) 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.

EMERGING RISKS

As part of the ongoing risk management framework described above, the Group identifies emerging risks and determines their potential impact on the business. The Group undertakes horizon scanning to monitor any potential risks that could change our industry and/or our business, looking at both the inherent risk and opportunity. Emerging risks are new and evolving, and thus their full potential impact is still uncertain.

The Group defines emerging risks as newly developing risks that are often difficult to quantify but may materially affect our business. Emerging risks are usually highly uncertain risks which are external to the Group, and we take a proactive approach to the emerging risk management processes, with the objective of enabling us to:

– Identify, manage, and monitor a broad range of potential emerging risks

– Mitigate the impact of emerging risks which could impact the delivery of the Group's strategy

We record each emerging risk within an Emerging Risk Register.

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

BUSINESS STRATEGY EXECUTION AND DEVELOPMENT

Principal risk description

If the Board adopts the wrong strategy or does not implement its strategy effectively, the business may suffer.

The Group's growth strategy exposes it to risks and the Group may encounter setbacks in its ongoing expansion in the UK, US, and Europe.

The Group's significant investments in its showroom portfolio, IT systems, colleagues and marketing may be unsuccessful in growing the Group's business as planned.

The Group may make acquisitions or other investments that prove unsuccessful or divert its resources. Successful growth through future acquisitions is dependent upon the Group's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms, complete such transactions and successfully integrate the acquired businesses.

The Group may fail to respond to the pressures of an increasingly changing retail environment effectively and rapidly. The re-evaluation of priorities and their delivery, including the consideration of initiatives to respond to permanent changes in client behaviours or to change working practices, is paramount in the current environment.

How we manage or mitigate the risk

- The Board reviews its business strategy on a regular basis to determine how sales and profit can be maximised, and business operations can be made more efficient
- The Board has significant relevant experience, including in the retail and luxury markets
- The CEO provides updates to the Board on key development opportunities and initiatives
- Expansion of the property portfolio or potential acquisitions must meet strict payback criteria. Return on investment of marketing and other investment activity is monitored closely
- Key management information is provided to the Board on a regular basis to help inform strategic decision-making
- The Group has adapted its strategy to take advantage of online trading, client appointments and introduced the Luxury Watch and Jewellery Virtual Boutique to maximise sales
- The Group has diversified its operations through the expansion of mono-brand boutiques and ecommerce platforms. The Group operates in the UK and US, and recently entered into the European market. There is international market diversification reducing reliance on one territory

Change in risk

No change

Links to strategy

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Enhance strong brand partnerships
- Deliver an exceptional client service
- Drive client awareness and brand image
- Leverage best in class operations
- Expand our multi-channel leadership
- Continue to advance the ESG agenda

KEY SUPPLIERS AND SUPPLY CHAIN

Principal risk description

The manufacture of key luxury watch brands is highly concentrated among a limited number of brand partners and the production of luxury watches is limited by the small number of master watchmakers and the availability of artisanal skills. Owners of luxury watch brands control distribution through strict, Selective Distribution Agreements. Consequently, the relationship with owners of luxury watch brands is crucial to the Group's success.

Some of the Group's distribution agreements with luxury watch brands provide owners of such brands with a right to terminate the agreement in the event of a change of control and/or management of the Group. The Group is subject to the risk that owners of luxury watch brands may decide to terminate these contracts or otherwise not to renew them upon expiry, or to reduce the number of agencies they grant to the Group.

The Group's distribution agreements with suppliers do not guarantee a steady supply of merchandise.

The Group's business model may also come under significant pressure should the owners of luxury watch brands choose to distribute their own watches, increasingly or entirely by-passing third party retailers such as the Group.

As a result of COVID-19 or other pandemics, supplier manufacturing operations could be forced to close, impacting operational activities, client experience and business strategy.

How we manage or mitigate the risk

– The Group fosters strong relationships with suppliers, many of which have been held for a significant length of time

– Supplier distribution contracts are monitored to ensure ongoing compliance with contractual obligations

– The Group works collaboratively with partner brands to identify product trends and forward demand

– Continued focus on providing exceptional client experience, representing the brands in the best possible way

– In-depth training for showroom colleagues is provided, including specific training provided by the brand partners

– The Group's sales mix is becoming more broad-based, with less reliance on individual brands to drive success

Change in risk

No change

Links to strategy

CLIENT EXPERIENCE AND MARKET RISKS

Principal risk description

An inability to maintain a consistent high-quality experience for the Group's clients across the sales channels, particularly within the showroom network, could adversely affect business.

The increased number of registration of interest (RoI) watches could adversely impact the perceived client experience.

The Group faces competition and any failure by the Group to compete effectively could result in a loss of market share or the ability to retain supplier agencies. Long-term consumer attitudes to diamonds, gold and other precious metals and gemstones could be affected by a variety of issues, including concern over the source of raw materials, the impact of mining and refining of minerals on the environment, labour conditions in the supply chain, and the availability and perception of substitute products, such as cubic zirconia and laboratory-created diamonds. Equally, longer term consumer attitudes to more technologically advanced watches, such as 'smart watches' could reduce consumer demand for luxury watches.

How we manage or mitigate the risk

– The Group provides the ultimate luxury environment for its clients to feel welcome, appreciated and supported

– Our Xenia Client Experience Programme further elevates our client experience proposition (refer to page 36)

– Exceptional training is provided for our showroom colleagues, and other client facing colleagues, to allow them to provide the best client service, along with in-depth product knowledge

– The CRM database allows the Group to engage with the client on their journey from a potential to a loyal client

– The Group continues to invest in and develop its product offering to improve the value offered to consumers, retailers, and manufacturers

– Competitor activity is monitored in detail, enabling strategic decision-making on key market positions

– The diversification of the Group through mono-brand boutiques and significant online presence together with the Group's scale and technological capabilities are competitive advantages for the Group

Change in risk

No change

Links to strategy

COLLEAGUE TALENT AND CAPABILITY

Principal risk description

The Group depends on the services of key talent to manage its business, and the departure of such colleagues or the failure to recruit and retain suitable personnel could adversely affect the Group's business.

Client experience is an essential element in the success of the Group's business, where many clients prefer a more personal face-to-face experience and have established personal relationships with the Group's retail colleagues. An inability to recruit and retain suitably qualified colleagues, especially with specialised knowledge of luxury watches and jewellery, would have a material impact on the Group.

How we manage or mitigate the risk

- The Trading Board considers the development of Senior Management to ensure there are opportunities for career development, promotion, and appropriate succession
- The Nomination Committee considers the succession planning for the Board, and Senior Management
- The Company's recognition programmes are in place to incentivise and motivate colleagues
- The Group operates a share save scheme for all colleagues to participate in the growth of the Group
- A wide range of training and development programmes are available to colleagues
- The Colleague Engagement Survey provides an insight into what colleagues feel would make the Group an even better place to work
- The Group continually reviews the remuneration and benefits packages for all colleagues
- A focused project group has been established, with an objective to monitor and reduce retail labour turnover, particularly in the first year of employment
- We utilise a two-way engaging communications platform, Workplace, globally. This social channel underpins Group communications to colleagues

Change in risk

The labour market remains dynamic, increasing the Group's risk relating to the ability to recruit and retain suitably qualified colleagues.

Links to strategy

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 the UK, US, and European markets, the regulatory environment surrounding these areas is considered more complex.

Security breaches and failures in the Group's IT infrastructure and networks, or those of third parties, could compromise sensitive and confidential information and affect the Group's reputation.

Theft or loss of Company or client data or potential damage to any systems from viruses, ransomware or other malware could result in fines and reputational damage to the business that could negatively impact on our sales.

How we manage or mitigate the risk

- Dedicated Group Data Protection Officer in place
- Significant investment in systems development and security programmes
- Systems vulnerability and penetration testing is carried out regularly
- The Group Data Protection Committee meets regularly to review related processes and emerging risks
- Information security and data protection 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 all colleagues on the risk of 'phishing' emails and alerts of identified examples
- Security Information and Event Management (SIEM) tools have been introduced across the Group's technology estate
- Our Virtual Private Network (VPN) security controls have been enhanced considering the increased requirement for use through working from home arrangements
- Enhanced password security measures have been introduced globally to decrease the likelihood of a breach

Change in risk

A heightened risk across all organisations.

Links to strategy

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Leverage best in class operations
- Enhance strong brand partnerships
- Expand our multi-channel leadership
- Deliver an exceptional client service
- Continue to advance the ESG agenda
- Drive client awareness and brand image

BUSINESS INTERRUPTION

Principal risk description

Adverse weather conditions, pandemics, travel disruption, natural disasters, terrorism, acts of war or other external events could adversely affect consumer discretionary spending or cause a disruption to the Group's operations.

The inability of the Group to be able to operate showrooms or a significant reduction in available colleagues to operate the business, such as during a material pandemic, would significantly impact the operations of the business.

The Group offers flexible delivery options (home delivery or click and collect in showroom) and its online operations rely on third party carriers and transportation providers. The Group's shipments are subject to various risks, including labour strikes and adverse weather.

The Group may experience significant theft of products from its showrooms, distribution centres or during the transportation of goods. If a hold-up, burglary, or other theft incident takes a violent turn, the Group may also suffer reputational damage and our clients may become less inclined to visit our showrooms.

Disruptions to, or failures in, the Group's IT infrastructure and networks, or those of third parties, could disrupt the Group's operations, especially during periods of increased reliance on these systems such as those experienced during the pandemic lockdowns.

The Group relies on IT networks and systems, some of which are managed by third parties, to process, encrypt, transmit and showroom electronic information, and to manage or support a variety of business processes and activities, including sales, supply chain, merchandise distribution, client invoicing and collection of payments.

How we manage or mitigate the risk

- The Group has a framework of operational procedures and business continuity plans that are regularly reviewed, updated, and tested
- The multi-channel model allows clients to purchase online from the safety and comfort of their homes
- Robust security arrangements are in place across our showroom network to protect people and products in the case of security incidents
- A comprehensive insurance programme is in place to offset the financial consequences of insured events
- Business critical systems are based on established, industry-leading package solutions
- A detailed IT development and security roadmap is in place aligned to our strategy
- Reliable and reputable third party logistic partners have been engaged to ensure the secure transportation of goods
- The Group has in place action plans to effectively deal with the impact of a pandemic on business operations

Change in risk

No change

Links to strategy

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

How we manage or mitigate the risk

- The Group actively monitors both regulatory developments in the UK, US and Europe and compliance with existing obligations
- Clear Group policies and procedures are in place, including, but not limited to, anti-bribery, corruption and fraud, whistleblowing, and data protection
- Mandatory induction briefings and training for all colleagues on regulation and compliance
- Experienced in-house legal team with external expertise sought as needed
- The established culture and values foster open, honest communication
- Operational activities have been amended, and continue to be updated, to comply with guidance provided by the Government to prioritise the safety of colleagues and clients
- Regulatory compliance reviews form part of the rolling Internal Audit plan

Change in risk

Expansion into new territories

Links to strategy

ECONOMIC AND POLITICAL

Principal risk description

The Group's business is geographically concentrated in the UK and US, with planned further expansion in Europe. Any sustained stagnation or deterioration in the luxury watch or jewellery markets or decline in consumer spending in these territories could have a material adverse impact on the Group's business.

The Group or its suppliers may not be able to anticipate, identify and respond to changing consumer preferences in a timely manner, and the Group may not manage its inventory in line with client demand.

Ongoing legal, political, and economic uncertainty in the UK, US, European and international markets could give rise to significant currency fluctuations, interest rate increases, adverse taxation arrangements or affect current trading and supply arrangements.

How we manage or mitigate the risk

- Regular monitoring of economic and political events
- Focus on client service to attract and retain clients
- Detailed sales data is analysed to anticipate future trends and demand, taking into consideration the current economic environment
- Through the expansion into the US and Europe, the Group is not wholly dependent on the economic or political environment in one single market

Change in risk

The current economic environment and high inflation rates in both the UK, US, and Europe.

Links to strategy

BRAND AND REPUTATIONAL DAMAGE

Principal risk description

The Watches of Switzerland Group's trading brands and its corporate brand are an important asset, and failure to protect the Group's reputation and brand could lead to a loss of trust and confidence. This could result in a decline in the client base, affect the ability to recruit and retain the best people, and damage our reputation with our suppliers or investors.

How we manage or mitigate the risk

- The Group has a clear and open culture with a focus on trust and transparency
- Training and monitoring of adherence by colleagues to Group policies and procedures
- Excellent client experience is a key priority of the Group
- The Group undertakes regular client engagement to understand and adapt the product, offer, and showroom environment
- The use of 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

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 a pandemic, could impact the business's ability to operate within committed credit facilities.

How we manage or mitigate the risk

- In May 2023, the Group successfully refinanced, entering into a new £225.0 million multicurrency revolving loan facility with a five-year term
- The Group's net cash position, available funding and cash flow projections are regularly monitored by management and the Board
- Exchange and interest rates are regularly reviewed to determine if hedging should be put in place
- A three-year strategic cash flow is prepared and stress-tested, including the impact on covenant calculations
- Quarterly meeting with the lenders' agent to update on forecast and trading

Change in risk

No change

Links to strategy

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Enhance strong brand partnerships
- Deliver an exceptional client service
- Drive client awareness and brand image
- Leverage best in class operations
- Expand our multi-channel leadership
- Continue to advance the ESG agenda

CLIMATE CHANGE

Principal risk description

The increased frequency of extreme weather events may lead to the significant disruption of retail showrooms, offices, and distribution centres, through flooding and strong winds. The supply chain may also be impacted through transporting goods to showrooms.

In a changing climate, there is the potential for higher insurance premiums for business operations, especially ones located in specific geographies.

The increasing cost of energy and potential regulatory mechanisms on direct carbon emissions, may impact business financials and profit if the Group cannot transition to a more low carbon business model.

The Group's reliance on premium raw materials, which are a finite resource, increases its exposure to resource scarcity, and the potential increase cost of obtaining these resources in a challenging supply chain environment.

The Group may fail to implement its mitigation strategy to reduce its impact on the climate and manage the risk appropriately, leading to increased scrutiny from stakeholders and investors, resulting in reputational damage.

How we manage or mitigate the risk

- The Board has overall responsibility for managing climate-related risks, as well as ensuring our strategy creates value and achieves our Purpose to WOW clients, while caring for colleagues, our communities and our planet
- Climate-related issues are addressed on a regular basis by the ESG Committee, which is chaired by Independent Non-Executive Director, Rosa Monckton
- The ESG Committee challenges our ESG Steering Group on progress against goals and targets
- Key climate-related risks and opportunities are governed via our Audit & Risk Committee along with the accuracy and compliance with ESG-related disclosures, including TCFD
- The ESG agenda continues to evolve rapidly and climate training has been introduced for Board members to ensure they have sufficient knowledge for effective decision-making
- The CEO has overall operational responsibility for Climate Strategy and the mitigation of related risks
- The CFO has day-to-day operational responsibility for climate-related risks and opportunities and chairs a regular ESG Steering Group, which reports into the ESG Committee
- The Group has a dedicated Head of Sustainability and ESG, who has significant experience in relation to climate change
- The ESG Steering Group is responsible for assessing and managing climate-related risks and opportunities against KPIs aligned to our ESG pillars of 'People, Planet and Product' and ensuring all operational matters in respect to our ESG Strategy are fully embedded into our business strategy and operation
- Each ESG pillar is supported by Working Groups, which include senior operational managers, with input from external consultants

Change in risk

No change

Links to strategy

GOING CONCERN

The Directors consider that the Group has, at the time of approving the Group Consolidated 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 £170.0 million in available committed facilities, of which £120.0 million was drawn down. Net cash at this date was £16.4 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £171.6 million. The $60.0 million US Asset Backed Loan (ABL) expired in April 2023, and the main UK bank facility of £170.0 million was due to expire in June 2024. Subsequent to the period end, on 9 May 2023, the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date. As a result, the going concern assessment has been carried out using the new £225.0 million facility now in place.

The key covenant tests attached to the Group's facilities, are a measure of net debt to EBITDA and the Fixed Charge Cover Ratio (FCCR) at each April and October. The new £225.0 million facility covenants are in line with those previously used, notably on a pre-IFRS 16 basis and excluding share-based payment costs. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 month Adjusted EBITDA. This ratio must not exceed 3. The FCCR is the ratio of Adjusted EBITDA plus rent to the total finance charge and rent for the 12 months to the reporting date. This ratio must exceed 1.6. At 30 April 2023 the Group comfortably satisfied the covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 October 2024 from the date of this report. These included:

– The budget approved by the Board in May 2023. The budget assumes that the more challenging trading environment of the second half of FY23 will continue into the first half of FY24.

Further key assumptions include:

– A continued strong luxury watch market in the UK, US and Europe
– Revenue forecast supported by expected luxury watch supply
– Increased cost base in line with macroeconomic environment and environmental targets

The budget aligns to the Guidance given on page 12. Under this budget, the Group has significant liquidity and comfortably complies with all covenant tests to 31 October 2024.

– Reverse stress-testing of cash flows during the going concern period was performed. This determined what level of reduced EBITDA and worst case cash flows would result in a breach of the liquidity or covenant tests. The likelihood of this level of reduced EBITDA is considered remote.
– Severe but plausible scenarios of:
  – 10% reduction in sales against the budget due to reduced consumer confidence and lower disposable income due to the cost-of-living crisis. This scenario did not include cost mitigations which are given below
  – The realisation of material risks detailed within the Principal Risks and Uncertainties on pages 116 to 121 and environmental risks highlighted on pages 98 to 100.

Under these scenarios the net debt to EBITDA and the FCCR covenants would be complied with. Should trading be worse than the outlined severe but plausible scenarios, the Group has the following mitigating actions within management's control:

– Reduction of marketing spend
– Reduction in the level of stock purchases
– Restructuring of the business with headcount and showroom operations savings
– Redundancies and pay freezes
– Reducing the level of planned capex

As a result of the above analysis, including potential severe but plausible scenarios, the Board believes that the Group is able to adequately manage its financing and principal risks, and that the Group will be able to operate within the level of its facilities and meet the required covenants for the period to 31 October 2024. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the Group Consolidated Financial Statements.

VIABILITY STATEMENT

In accordance with Provision 31 of the UK Corporate Governance Code 2018 (the Code), 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 (pages 24 to 25), strategy (pages 28 to 31) and its principal risks and mitigating factors (pages 116 to 121). In addition, the Board regularly reviews the financial position of the Group, its liquidity and financial forecasts.

The Group's Long Range Plan was endorsed by the Board in April 2021. FY22 and FY23 significantly outperformed this Long Range Plan. The FY24 budget has been used as the base for the first year of the viability assessment period, and the Long Range Plan is used for the outer years. The budget aligns to the Guidance given on page 12.

ASSESSMENT PERIOD

The Directors have assessed the prospects of the Group over a three-year period. This period is considered an appropriate timeframe to assess the Group's prospects and is consistent with the Group's business model, strategic planning period, management incentive schemes and medium-term financing considerations.

CURRENT FINANCING

On 9 May 2023 the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date. As a result, the viability assessment has been carried out using the new £225.0 million facility now in place.

The key covenant tests attached to the Group's facilities, are a measure of net debt to EBITDA and the Fixed Charge Cover Ratio (FCCR) at each April and October. Covenant testing remains on a pre-IFRS 16 basis and excludes share-based payment costs. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 month Adjusted EBITDA. This ratio must not exceed 3. The FCCR is the ratio of Adjusted EBITDA plus rent to the total finance charge and rent for the 12 months to the reporting date. This ratio must exceed 1.6. At 30 April 2023 the Group comfortably satisfied the covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

During the three-year viability period, the Group anticipates that it will comfortably comply with the net debt to EBITDA and FCCR covenants at each six-month interval from October 2023 to April 2026.

ASSESSMENT OF VIABILITY

The strategic planning process reviewed by the Board is over a three-year period. In determining the appropriate assessment period, the Board considered the uncertainty regarding a number of global economic events, including the level of inflation and the cost-of-living crisis, together with a number of environmental matters.

During the normal cycle of strategic planning, budgets and forecasts are approved by the Board at the end of each financial 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 116 to 121. In addition to the uncertainties noted above, the key risks identified that would have a material impact on the long-term viability of the Group were the loss of a key supplier and the impact of a potential penalty for statutory breaches.

The scenarios assessed in relation to viability were:

- Reverse stress-testing of this plan to determine what level of reduced EBITDA and other possible cash outflows would result in a breach of the lending requirements during the three-year period. This level of reduced EBITDA and other possible cash outflows is considered to be remote
- Severe but plausible scenarios of a 10% reduction in sales against the budget (not taking into account cost mitigations which would take place). These scenarios would still result in the net debt to EBITDA and the FCCR covenants all being complied with
- The loss of a key supplier to the business. This scenario would have a significant adverse impact on the Group but would not result in a covenant breach during the viability assessment period. Management consider that the strength of the current supplier relationship combined with the historic showroom investment and revenue growth achieved means that this scenario is not plausible
- The severe impact of any statutory non-compliance has been evaluated and would not result in a breach of the facility covenants

Whilst global economic factors could impact the Group, the long-term strategy for value creation in the UK, US and Europe remains unchanged. The advantages of the Group's multi-channel operating model coupled with its scale and technological expertise should enable the business to outperform the market, take market share and capitalise on the material growth opportunities in the US and Europe.

The financial impact of actions being taken by the Group to achieve its climate change commitment have been included in future cash flows and stress testing.

CONCLUSION

Based upon this assessment of the sensitivity around the significant loss of revenue built into the scenarios tested, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation to meet its liabilities as they fall due over the three-year assessment period.

APPROVAL OF STRATEGIC REPORT

Approved by the Board and signed on its behalf:

BRIAN DUFFY
CHIEF EXECUTIVE OFFICER
12 July 2023


SPEAKE-MARIN

2 CORPORATE GOVERNANCE REPORT

CONTENTS

CORPORATE GOVERNANCE AT A GLANCE

COMPLIANCE WITH THE CODE

The Watches of Switzerland Group PLC Board is collectively responsible for promoting the long-term success of the Group and establishing the Company's purpose and values, culture and setting strategy. We believe this can only be achieved through effective governance and by ensuring that the interests of each of our stakeholders remain at the core.

We apply the principles and supporting provisions of the 2018 UK Corporate Governance Code covering: Board leadership; Company purpose; division of responsibilities; composition; audit; risk and internal control; and remuneration.

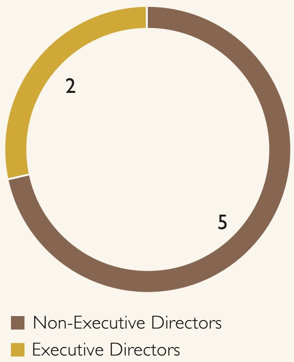
For further information please see pages 133 to 143.

You can find our Corporate Governance Statement on page 132.

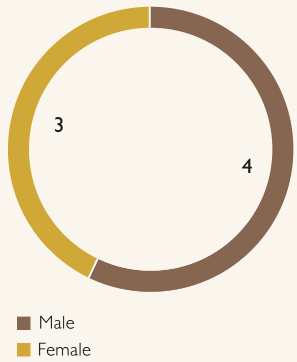
> "We believe that good governance provides the framework for stronger value creation and lower risk for stakeholders."
>
> IAN CARTER
> CHAIR

COMPOSITION, SUCCESSION & EVALUATION[1]

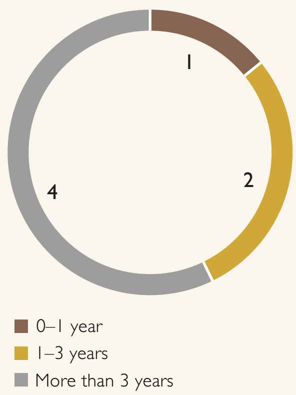
Balance of the Board



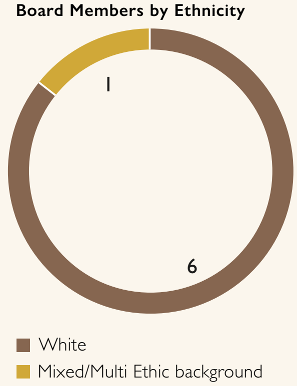
Board Members By Gender



Director Tenure

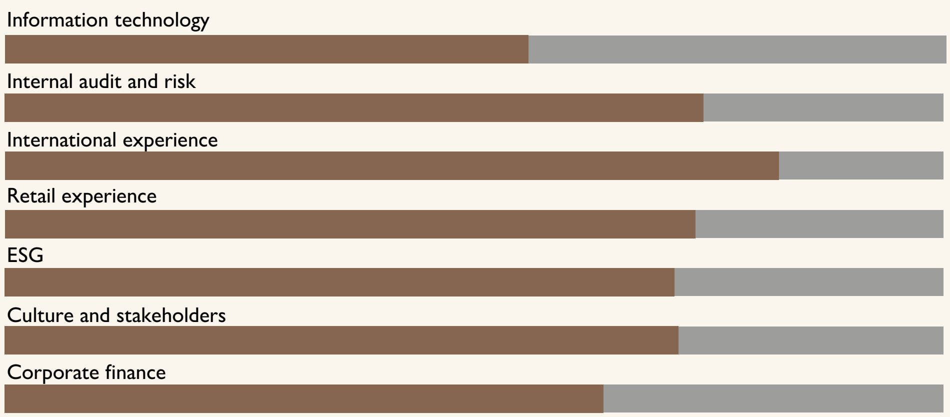


Board Members by Ethnicity



1 As at the date of this report.

BOARD SKILLS



BOARD AND COMMITTEE ATTENDANCE

	Board		Audit & Risk		Remuneration		Nomination		ESG	
Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ian Carter	6	6	n/a	n/a	3	3	3	3	3	3
Brian Duffy	6	6	n/a	n/a	n/a	n/a	n/a	n/a	3	3
Bill Floydd	6	6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tea Colaianni	6	6	4	4	3	3	3	3	3	3
Rosa Monckton[1]	6	5	4	3	3	2	3	2	3	2
Robert Moorhead	6	6	4	4	3	3	3	3	3	3
Chabi Nouri[2]	6	6	4	4	n/a	n/a	n/a	n/a	3	3

1 Rosa Monckton was unable to attend one of the Board meetings due to having COVID-19. Rosa had received the papers in advance of the meeting and had provided comments to the Chair in advance of the meeting. Rosa also received the minutes of the meeting.

2 Chabi Nouri was appointed to the Audit & Risk Committee with effect from 1 July 2022.

MATTERS RESERVED FOR THE BOARD

Below is a summary of the key matters reserved for the Board. The full document can be viewed on the corporate website thewosgroupplc.com

STRATEGY & MANAGEMENT

- Overall leadership of the Company
- Annual budgets and business plans
- The Group's purpose, values and strategy, ensuring an alignment with the Group's culture
- Extension of the activities into new areas or territories and cessation of operations of material parts

CAPITAL ALLOCATION AND STRUCTURE

- Changes relating to the Group's capital or material corporate structure
- Major capital projects or property leases
- Significant acquisitions or disposals
- Changes to the Group's management and control structure

FINANCIAL REPORTING, RISK AND CONTROL

- Financial results and announcements relating thereto
- Policies and procedures to ensure independence and effectiveness of internal and external audit functions
- Dividend policy and dividend payment recommendations
- External Auditor appointment or removal
- Establishing procedures to manage risk and oversee the internal control framework

CORPORATE GOVERNANCE

- Delegation of authorities, including the division of responsibilities between the Chair of the Board and the CEO and Delegated Levels of Authority
- Policies and practices to ensure consistency with the Company's purpose, values and strategy
- Material Group policies and statements and any major changes
- Review of the Group's overall corporate governance arrangements

STAKEHOLDER ENGAGEMENT

- Matters requiring shareholder approval
- Circulars and significant shareholder communications
- Ensuring effective engagement and participation from stakeholders
- Description of stakeholder interests and how they were considered in the Board's decision-making process in the Annual Report and Accounts

PEOPLE AND LEADERSHIP

- Board and Committee constitutions and Committee Terms of Reference
- Appointment or removal of directors and the Company Secretary
- Non-Executive Director fees
- Ensuring the Board and its Committees have a combination of skills, experience and knowledge

CHAIR'S INTRODUCTION

IAN CARTER
CHAIR

> “The ESG Committee has made substantial progress in developing and overseeing the Group’s ESG Strategy.”
>
> IAN CARTER
> CHAIR

Welcome to the Corporate Governance Report, which I am pleased to present on behalf of the Board for the financial year ended 30 April 2023.

The report that follows, in conjunction with the other Committee reports, provides details of our robust governance and risk management, our effective engagement with stakeholders and compliance with the principles and provisions of the Corporate Governance Code 2018.

The Board believes that effective governance leads to better decision-making and that the robust framework should be embedded within every level of the organisation. As a result of the prior year’s externally facilitated Board Evaluation recommendations, and to ensure our governance framework continues to evolve, a number of activities were carried out during the year. This included a Group stakeholder review, a directors’ skills survey and a governance mapping exercise of the key meetings and decision-making forums below the Board and its Committees.

As previously announced, we appointed Chabi Nouri, as a Non-Executive Director and member of the ESG Committee with effect from 1 May 2022. Having considered the composition and balance of the Board, including all aspects of diversity, including the range and balance of skills, experience and background, as well as succession planning priorities, the Nomination Committee recommended Chabi’s appointment. Particular consideration was given to her international experience and expertise in the luxury watch and jewellery markets. Chabi was subsequently appointed to the Audit & Risk Committee given her extensive financial experience. Chabi’s skill set has proved exceptionally valuable to Board discussions and to her roles on the Committees.

During the year, the Nomination Committee held a dedicated session on Senior Management succession and talent mapping in order to strengthen and promote key positions as appropriate.

The Board also considers succession at senior leadership level and throughout the organisation. Given the global growth of the organisation and the clear separation of the UK, US and European markets last year, two new roles were created, President UK & Europe and President North America & Deputy CEO. Both individuals are flourishing in their new roles and changes made to the organisation’s structure have proved to be effective. At the same time, a new Group role, Executive Director Global Buying and Merchandising, was created. This role has a global remit and is accountable for managing our product strategies and representing our interests with our brand partners and other suppliers. Eric Macaire was appointed to this role and to the Trading Board. Eric joins us with considerable international experience particularly in leading global strategies for watches and jewellery and I am pleased to welcome Eric to the Group.

For further information on the Nomination Committee please see the report from pages 144 to 147. For a wider understanding of the skills and experience of the Board see the biographies on pages 130 to 131.

Anders Romberg rejoined the Group as CFO with effect from 12 May 2023, when Bill Floydd stood down from the Board, as a result of challenges with his travel commitments. We would like to thank Bill for his valuable contribution to the Group and we wish him well for the future.

DIVERSITY AND INCLUSION

Another area of focus and importance considered by the Board during the year was diversity and inclusion. The Board recognises the importance of these matters both in the boardroom and throughout the organisation. This includes the benefits of recruiting leaders who represent a diversity of gender, ethnicity, cognitive strengths and socio-economic, educational, and professional backgrounds to reflect the diverse communities we serve and society as a whole. The importance of diversity and inclusion has been promoted both at Board level and down throughout the organisation and is an integral part of the Group's values.

The last decade has seen a change at the top of many British companies, with the FTSE Women Leaders Review being at the forefront of increasing the number of women on FTSE 350 boards and senior leadership teams. Whilst the new recommendations of the FTSE Women Leaders Review encourage compliance by the end of 2025, the Company already meets these recommendations.

I am also pleased to report that the Board has met the recommendations of the Parker Review which sets a target for each FTSE 250 company to appoint at least one member of the Board from a minority ethnic background by 2024.

Significant headway has been made to progress the Group's Diversity & Inclusion Strategy during the year. Additional information on diversity in the boardroom can be found in the Nominations Committee Report on page 146 and on the activities being carried out through the organisation can be found in the People Strategy on pages 64 to 65.

Our succession planning and future recruitment continue to consider diversity as set out in our Board Diversity & Inclusion Policy, which can be found on our corporate website thewosgroupplc.com.

ESG

I am pleased to report that our ESG Committee has made substantial progress in developing and overseeing the Group's ESG Strategy which was endorsed by the Board in March 2023. Achievable targets and metrics have been set and work has begun on addressing them. The Board understands the importance of doing business the right way and operating in a sustainable manner. ESG has now become increasingly important amongst stakeholders and companies face unprecedented risks if they fail to attend to relevant ESG issues. Driving forward the Group's ESG Strategy continues to be one of the Board's key priorities.

STAKEHOLDER CONSIDERATIONS

During the year, the Board held one of its Board meetings in the US – the first visit since the Company's IPO in 2019. This visit was the perfect opportunity to meet with colleagues and other key stakeholders, particularly given the growth of the US business which now represents over 40% of the Group's revenue. Further information on the US Board trip can be found on 135.

Rosa Monckton continues as our Designated Non-Executive Director for Workforce Engagement, providing information to the Board on key areas of interest and concern from our colleagues. Rosa's attendance at the Listening Forums, both UK and US specific, as well as our Global Listening Forum ensures that the Board remains increasingly visible amongst our colleagues. After each Forum, Rosa reports back to the Board on her findings.

Rosa's feedback, along with the annual Colleague Engagement Survey, helps us to ensure that our colleagues' perspectives are considered by the Board and Committees during their decision-making process.

More information on the Board's decision-making, as well as the interests of each of its stakeholders, can be found on pages 51 to 53 and 136 to 137.

ANNUAL GENERAL MEETING

I look forward to engaging with you at the forthcoming AGM which is scheduled to take place on 31 August 2023, commencing at 3.30pm and which will be held at 36 North Row, London W1K 6DH. Full details including the resolutions to be proposed to our shareholders can be found in the Notice of AGM, which will be communicated to shareholders and made available on our corporate website thewosgroupplc.com.

FOCUS FOR FY24

The Board continues to recognise the value of having strategic debate in the boardroom and regularly reviews the Group's performance and capital expenditure proposals against its long-term strategic objectives. The Board discusses the presentations, questioning and challenging the Executive Directors on their assumptions and conclusions.

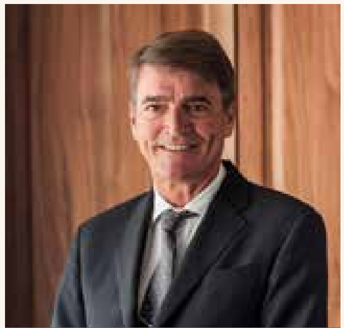
The Board looks forward to continuing to support both the UK and the US Foundations and serving the communities within which our businesses and colleagues are based.

IAN CARTER
CHAIR
12 July 2023

EXPERIENCED LEADERS GUIDING OUR FUTURE

IAN CARTER
CHAIR

BRIAN DUFFY
CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR



ANDERS ROMBERG
CHIEF FINANCIAL OFFICER
EXECUTIVE DIRECTOR

	IAN CARTER	BRIAN DUFFY	ANDERS ROMBERG
APPOINTED	1 November 2020	7 May 2019	12 May 2023
BIOGRAPHY	Ian brings over 30 years of international and retail experience, having held a number of senior positions at consumer-facing and luxury companies. Ian currently serves as a non-executive director with Servpro Industries, LLC, owned by Blackstone, where he is the Chair of the Audit Committee. Ian joined Hilton International as CEO in London in 2005 becoming an integral part of the 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 and Chair of the Del Frisco Restaurant Group, listed in the US.	Brian has served on several boards across the fashion, retail and sports sectors and has been the CEO of the Group since 2014. Brian has previously served on the boards of several subsidiaries of Ralph Lauren, as well as the board of Celtic PLC. Brian is an ICAS Chartered Accountant and holds an Honorary Doctorate from Glasgow Caledonian University. Brian is the Chair of The Watches of Switzerland Group Foundation and was appointed as the Chair of the Prince's Trust Retail, Leisure and Hospitality Fundraising Leadership Group in January 2023.	Anders was reappointed to the Board in 2023 as Chief Financial Officer. Anders was previously the CFO at the Watches of Switzerland Group from 2014 to 2022, transforming the business globally and taking the Company from private to public. Before this Anders was with at Ralph Lauren serving 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. Ian has considerable experience in the understanding of matters of a strategic nature. He also has significant experience as a non-executive director.	Brian brings to the Board significant retail and international experience, financial acumen and in-depth understanding of the global luxury watch and jewellery sector. Brian's corporate experience is relevant to the governance of a listed company and includes culture and stakeholder considerations.	Anders brings to the Board extensive experience at senior management level of accounting and operational matters, including IT and cyber, and has extensive experience in the international luxury retail sector.
COMMITTEE MEMBERSHIP	Nomination (Chair) Remuneration ESG	ESG	

TEA COLAIANNI

SENIOR INDEPENDENT DIRECTOR

7 May 2019

Tea was appointed as a Non-Executive Director and Chair of the Remuneration Committee in December 2018 and Senior Independent Director of the Company in May 2019. Tea has more than 25 years' experience in consumer facing industries and has served as a non-executive director on multiple boards. She currently serves on the boards of DWF Group PLC (where she chairs the Remuneration Committee) and SD Worx NV. Tea is the Founder and Chair of WiHTL – Diversity in Hospitality, Travel and Leisure and Diversity in Retail (DiR).

Yes

DWF Group PLC
SD Worx NV

Tea brings to the Board a wealth of experience in HR strategy governance and consumer facing industries and has particular regard to diversity, equity and inclusive matters. Tea has significant experience as a non-executive director including extensive and current experience of all remuneration matters which enables her to carry out her role as Chair of the Remuneration Committee.

Nomination
Audit & Risk
Remuneration (Chair)
ESG

ROSA MONCKTON MBE

INDEPENDENT DESIGNATED NON-EXECUTIVE DIRECTOR FOR WORKFORCE ENGAGEMENT

7 May 2019

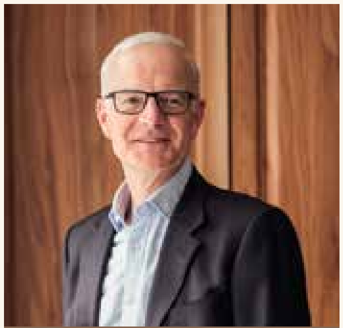
Rosa has over 20 years' experience in the luxury jewellery and watch sectors, and was appointed as a Non-Executive Director in 2014. Her experience includes setting up Tiffany & Co in the UK, and serving as Chief Executive Officer and then Chair of Asprey & Garrard. She also has experience in the charity 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 and watch industry. Rosa's ESG experience includes diversity and inclusion initiatives and a deep understanding of the charity sector, this enables Rosa to carry out her role as Chair of the ESG Committee.

Nomination
Audit & Risk
Remuneration
ESG (Chair)



ROBERT MOORHEAD

INDEPENDENT NON-EXECUTIVE DIRECTOR

7 May 2019

Robert has significant experience in the retail sector and was appointed as a Non-Executive Director in 2018. Robert 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 and information technology and cyber experience which enables him to carry out his role as Chair of the Audit & Risk Committee.

Nomination
Audit & Risk (Chair)
Remuneration
ESG

CHABI NOURI

INDEPENDENT NON-EXECUTIVE DIRECTOR

1 May 2022

Chabi has over 20 years' experience in the luxury jewellery and watch sectors and was appointed as a Non-Executive Director in 2022. Chabi has particular experience in the jewellery sector for marketing and merchandising, being responsible for Cartier's creative and fine jewellery collections and serving as the Chief Marketing Officer of Piaget, appointed as head of the company in 2017. Chabi is currently a non-executive director of Lucid Group, Inc, an automotive and luxury consumer goods business listed on the US Stock Exchange and a Private Equity Partner with Mirabaud Asset Management. Chabi is a Swiss citizen and a graduate of the University of Fribourg. Chabi is a member of the Young Presidents' Organization.

Yes

Mirabaud Asset Management.
Lucid Group, Inc

Chabi brings to the Board significant international experience of the luxury watches and jewellery retail industry. Chabi has relevant experience and acumen in strategic matters.

Audit & Risk
ESG

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT 2023

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

Disclosures required by the Disclosure Guidance and Transparency Rules DTR 7.2.6 with regard to share capital are presented in the Directors' Report on page 172. Disclosures required by DTR 7.2.8 relating to diversity policy are presented in the Nomination Committee Report on page 146. Information concerning diversity and ethnicity as required under Listing Rule 9.8.6R(10) can be found on page 140 and in the Nomination Committee Report on page 146.

Statutory information	Section of report	Page
Internal control and risk management	Risk Management	112
Securities carrying special rights with regard to the control of the Company	Directors' Report	174
Restrictions on voting rights	Directors' Report	174
Appointment and replacement of Directors and amendments to the Company's Articles	Directors' Report	173
Powers of the Company's Directors relating to transactions in own shares	Directors' Report	174 to 175
Purpose, values and culture	Environmental, Social and Governance	63

UK CORPORATE GOVERNANCE CODE 2018 COMPLIANCE

The Company's obligation is to state whether it has complied with the relevant provisions of the Code, or to explain why it has not done so (up to the date of this Annual Report and Accounts).

The Board confirms that, throughout the year, the Company has applied the principles, both in spirit and in form, and complied with the provisions set out in the UK Corporate Governance Code 2018 issued by the Financial Reporting Council (FRC) in July 2018. The Company's governance arrangements have been considered alongside the Code. The information set out in the Corporate Governance Statement and the Directors' Report on pages 126 to 175, including the various Board Committee Reports (on pages 144 to 171), is intended to provide an explanation of how the Code's principles were applied practically throughout the year.

BOARD APPROVAL FOR THE CORPORATE GOVERNANCE STATEMENT 2023

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
12 July 2023

LAURA BATTLEY
COMPANY SECRETARY
12 July 2023

UK CORPORATE GOVERNANCE CODE 2018

1
DIVISION OF RESPONSIBILITIES
READ MORE:
Page 133

2
BOARD LEADERSHIP & COMPANY PURPOSE
READ MORE:
Page 138

3
COMPOSITION, SUCCESSION & EVALUATION
READ MORE:
Page 140

4
AUDIT, RISK MANAGEMENT & INTERNAL CONTROL
READ MORE:
Page 142

5
REMUNERATION
READ MORE:
Page 142

GOVERNANCE FRAMEWORK

The Board believes that it facilitates the operation of an open and straight forward culture without complex hierarchy and over-delegation of responsibilities. The structure of the Board and its governance framework is set out below.

SHAREHOLDERS

BOARD

The Board of Directors is headed up by the Chair.

The Board is collectively responsible for the long-term success of the Company and the Group. The business of the Group is managed by the Board who may exercise all the powers of the Company. The Board delegates certain matters to the Board Committees, and delegates the detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business to the Executive Directors and other members of Senior Management. There is a schedule of matters specifically reserved for the Board which is reviewed and approved annually by the Board.

BOARD COMMITTEES

The Terms of Reference for each Committee are documented and agreed by the Board. They are annually reviewed and where necessary updated and are available on the corporate website thewosgroupplc.com.

Their key responsibilities are set out below.

NOMINATION COMMITTEE

Undertakes an annual review of Board appointments, the talent pipeline and succession planning. Ensuring that the membership and composition of the Board, including the combination of skills and diversity, remains appropriate.

Nomination Committee Report on pages 144 to 147

AUDIT & RISK COMMITTEE

Reviews and reports to the Board on the Group's financial reporting, internal control and risk management systems and the independence and effectiveness of the External Auditor. Reviews and approves the responsibilities of the Internal Audit function and ensures the necessary resources and access to information are in place.

Audit & Risk Committee Report on pages 148 to 153

REMUNERATION COMMITTEE

Determines the policy for remuneration, bonuses, long-term incentive arrangements, contract terms and other benefits in respect of the Executive Directors, the Chair, the Company Secretary & General Counsel and Senior Management. Reviews workforce remuneration and related policies.

Remuneration Committee Report on pages 156 to 171

ESG COMMITTEE

Provides oversight on behalf of the Board in relation to the Group's ESG Strategy and activities, oversees any ESG strategic goals, targets and Key Performance Indicators.

ESG Committee Report on pages 154 to 155

EXECUTIVE DIRECTORS

The Executive Directors are the CEO and the CFO who are responsible for the day-to-day operational running of the business.

Further information on their respective roles and responsibilities can be found on page 134.

TRADING BOARD

The CEO has delegated authority for the day-to-day management of the business to operational management comprising other Executive Directors, the Company Secretary & General Counsel and senior leaders who have responsibility for their respective areas.

The Trading Board meets weekly and considers key business matters including weekly trading, capital expenditure and business reviews whilst also focusing on risk management of the business areas, Xenia development, people matters, strategy preparation and implementation, merchandising and specific areas of training, such as, competition compliance.

KEY STEERING GROUPS, SUB COMMITTEES & WORKING GROUPS

Underneath the Trading Board, there are a number of key steering groups made up of Senior Management and other colleagues, who are tasked with delivering key projects or ensuring compliance and the monitoring of risks within important business areas including; ESG; Cyber; Data; Europe; Xenia; and Health & Safety. There are also a number of functional working groups which support the Steering Groups. For further information on the ESG Governance Framework see page 58.

KEY ROLES AND RESPONSIBILITIES

There is a clear division of responsibilities between the Chair and the CEO, which is set out in writing and has been agreed by the Board. This can be found at our corporate website at thewosgroupplc.com.

The Board biographies are included on pages 130 to 131.

Chair	– Responsible for the operation, leadership and governance of the Board – Sets the Board agenda and ensures sufficient time is allocated to ensure effective debate to support sound decision-making – Ensures the Board is fully informed of all matters and receives precise, timely and clear information sufficient to make informed judgements – Ensures each Non-Executive Director makes an effective contribution to the Board – Meets with the Non-Executive Directors independently of the Executive Directors
Chief Executive Officer	– Management of the day-to-day operations of the Group – Develops the Group's strategic objectives for consideration and approval by the Board – Implements the strategy approved by the Board – Leads the Trading Board and Senior Management – Manages the Company and the Group – Ensures effective and ongoing communication with investors
Chief Financial Officer	– Manages all aspects of the Group's financial affairs – Works with the CEO to develop and implement the Group's strategic objectives – Delivers the financial performance of the Group – Ensures the Group remains appropriately funded to pursue its strategic objectives – Ensures proper financial controls and risk management of the Group and compliance with associated regulation – Ensures effective and ongoing communication with investors
Senior Independent Director	– Acts as a 'sounding board' for the Chair and serves as an intermediary for the other Directors where necessary – Leads the Non-Executive Directors in their annual assessment of the Chair's performance – Available to investors if they have concerns which the normal channels through the Chair, CEO or other Directors have failed to resolve
Non-Executive Directors	– Are all independent, experienced and influential individuals from a diverse range of industries, backgrounds and countries – Provide constructive contribution and challenge to the Executive Directors regarding the development of the strategy – Scrutinise the operational and financial performance of Senior Management – Monitor the integrity of financial information, financial controls and systems of risk management – Devote such time as is necessary to the proper performance of their duties
Designated Non-Executive Director for Workforce Engagement	– Gauges the views of colleagues and identifies any areas of concern – Ensures the views and concerns of the workforce are taken into account by the Board, particularly when they are making decisions that could affect colleagues – Ensures the Board takes appropriate steps to evaluate the impact of proposals and developments on colleagues and considers what steps should be taken to mitigate any adverse impact
Company Secretary & General Counsel	– Supports the Board and its Committees with their responsibilities and ensures information is made available to Board members in a timely fashion – Supports the Chair in setting Board agendas, designing and delivering Board inductions and Board evaluations and co-ordinates post-evaluation action plans – Advises on regulatory compliance and corporate governance matters – Ensures compliance with the Board's procedures and with applicable rules and regulations – Communicates with investors and organises the AGM

GOVERNANCE IN ACTION

BRAND DEEP DIVE

Consideration of stakeholder views/interests
The Watches of Switzerland Group has established, strong and long-standing relationships with our brand partners. We offer the most prestigious and recognised luxury watch and jewellery brands.

We create value by collaborating with our long-standing brand partners to elevate and expand their distribution and partner on-demand forecasting, product launches, showroom projects, online clienteling, marketing events and elearning and development for our colleagues.

The Board plays a critical role in ensuring that the strategic objectives are delivered, enabling the Group to expand, grow and develop. This is aided by considering the interests of the Group's key stakeholders, including brand partners.

Although the Directors, on our Board, possess a wealth of luxury experience, it is recognised that a deeper understanding of our product offering, our brand partner relationships and their respective business models will provide additional strategic oversight and will add value to, and enhance, Board discussions. Considerations of the interests of key stakeholders, including brand partner relationships, and a greater understanding of products helps the Board to make better informed decisions regarding our Group Strategy.

To develop further the Non-Executive Directors' skills and experience and to gain a better understanding of the luxury watch industry, and brand partners, a detailed presentation was provided to the Board, by Mark Toulson, Global Head of Watch Buying, our resident leading watch industry expert with 17 years experience and a member of our Senior Management team, outside of scheduled Board meetings.

As part of the deep dive session, the Board considered product offerings and how they support the Long Range Plan and the Group's strategic objectives. Further considerations included an overview of strategic brand partners, and the risks associated with the products.

The Board also considered the history of Swiss watches, design features, trends and the increasingly important and innovative sustainability developments that the brand partner is working towards both solely and in collaboration with the Group as part of the ESG Strategy.

As the Group continues to expand, this brings new risks and demands, the development of the Board's knowledge will help ensure a better understanding of key stakeholder needs.

US BOARD TRIP

During the year, for the first time since the IPO in 2019, the Board met in the US, not only for its scheduled Board meeting, but also to conduct a comprehensive market review and meet with key stakeholders.

1. **Colleagues** – the Board conducted a number of boutique and showroom visits (both watches and jewellery), meeting retail colleagues and gaining a greater understanding of the differences between UK and US retail and client experiences. The Board also met with Support Centre colleagues both in the Fort Lauderdale offices, and Analog:Shift in New York, including a number of members of the senior leadership both informally and formally.
2. **Clients** – the Board received an update on Xenia, our unique Client Experience Programme, and how it had been embedded into the US business. The Board considered how the Group differentiates itself through Xenia, and the visit gave the Board the opportunity to view the Xenia experience first-hand.
3. **Brand partners** – the Board considered an overview of the relationships with key brand partners in the US, from the CEO and the President North America & Deputy CEO. The Board conducted a number of showroom and boutique visits and was able to visit new projects not yet opened, including the Watches of Switzerland American Dream and One Vanderbilt. The Board also conducted a brand deep dive and received an in-depth presentation from the CEO of Grand Seiko, followed by a visit to the newly opened Grand Seiko mono-brand boutique.
4. **Investors** – the Board considered US investor relations strategy having particular regard to the differences in the expectations of UK and European investors as compared with US investors.
5. **Communities** – the Board received an update on the evolution of The Watches of Switzerland Group US Foundation and the volunteering opportunities which had been introduced to colleagues. The Board met with the US representative of the US Foundation, Lorrie Nelson, Regional Vice President, to learn more about the volunteering and enthusiasm of colleagues in embracing the Foundation and other charitable initiatives which were being embarked upon.
6. **Circular economy** – the Board met the management team of Analog:Shift to gain a better understanding of the pre-owned business model and was able to review a wide range of pre-owned timepieces. The management team provided details on the history of the business and the Board considered how it linked to the Group's ESG Strategy.
7. **Post-acquisition integration** – the Board visited the recently acquired Betteridge business in Greenwich, Connecticut, meeting colleagues, understanding integration successes and challenges, including cultural differences. The Board gained insight into how the Group's purpose and values had been embedded within the Betteridge business and how the Xenia Client Experience Programme was being actioned. The Board considered the key areas of integration and lessons learned for consideration for future acquisitions. The Board also considered potential growth opportunities for the jewellery business in the US.
8. **Market review** – the Board visited two competitor stores to review the differences in terms of client experiences, showroom design and product offering. David Hurley, President North America & Deputy CEO presented to the Board a comprehensive overview of the US market.
9. **Infrastructure integration** – the Board considered the current infrastructure and the changes required to support future growth in the US. This included, people, organisational structure, systems and physical infrastructure, such as the corporate offices, expansion of pre-owned and the distribution centre.

BOARD KEY AREAS OF FOCUS IN FY23

		Link to Strategy	Relevant stakeholders considered
Strategy	Approved strategy at the Board Strategy Day, considering progress against the Long Range Plan and prioritising areas of focus		
	Considered key strategic matters, including emerging trends, client behaviour and future expectations, and brand relationships		
	Received reports from the CEO and CFO, including progress against strategic objectives, from each business area, on trading, business performance, financing and strategy implementation		
	Approved the renewal of the Group financing arrangements		
	Approved various US business development activities, including showroom developments, acquisitions, and various other projects including the new Fort Lauderdale Support Office move in the US		
Performance	Reviewed regular updates on business performance by market, and territory including brand performance		
	Received progress updates for the showroom portfolio development, including refurbishment of the showrooms, luxury Goldsmiths elevation and expansion of the mono-brand boutiques		
	Received an update on the Group's approach to marketing as part of the multi-channel strategy		
Finance	Approved the FY24 Group budget, business plan and material capital expenditure projects		
	Scrutinised, on an ongoing basis, performance against budget and forecasts		
	Reviewed capex and payback on showroom refurbishments, showroom openings and acquisitions		
Leadership, people, values and culture	Approved a new global People Strategy and changes to the Leadership Team to support delivery of the Long Range Plan and strategic priorities		
	Considered culture and reviewed the purpose and values as part of the new People Strategy outcomes		
	Reviewed the outcome of the externally facilitated Board Evaluation and progress against the action plan		
	Received feedback from colleagues including the Listening Forums and the Colleague Engagement Survey and considered proposed action plans		
	Considered succession planning for the Board and Senior Management		
	Received updates from Diversity Council meetings. Approved and enhanced Board Diversity & Inclusion Policy		
	Approved the Group's Diversity & Inclusion Strategy		
	Approved the annual Gender Pay Gap Report		
Environment and community	Approved the ESG Strategy, key metrics and targets		
	Considered sustainable product ranges as part of the Group's ESG Strategy		
	Reviewed and approved the annual Modern Slavery Statement		
	Agreed the continued support of The Watches of Switzerland Group Foundation and the continued funding of various other charity initiatives		
	Considered the proposed ESG priorities		
	Received updates on climate change, the Group's carbon road map, the Group's new targets and net-zero ambitions		

STRATEGIC PRIORITIES

- Grow revenue, profit and Return on Capital Employed
- Enhance strong brand partnerships
- Deliver an exceptional client service
- Drive client awareness and brand image
- Leverage best in class operations
- Expand our multi-channel leadership
- Continue to advance the ESG agenda

STAKEHOLDERS

- Clients
- Colleagues
- Brand partners and other suppliers
- Investors
- Communities

		Link to Strategy	Relevant stakeholders considered
Governance and corporate responsibility	Agreed the evolution of the Audit Committee to the Audit & Risk Committee		
	Considered the composition and effectiveness of the Board		
	Approved the appointment of Chabi Nouri to the Audit & Risk Committee		
	Approved new and updated Group policies, including Competition Compliance, Code of Ethics, Anti-Bribery, Corruption & Fraud and Anti-Money Laundering		
Risk management and internal controls	Considered the annual review of principal and emerging risks, including any changes to the risk profile		
	Approved the Group's risk appetite		
	Approved a revised methodology to calculate Group risks to enhance the identification process		
	Approved the effectiveness of the Group's systems of internal control and risk management framework		
	Conducted a review of Group's cyber security programme and maturity assessment, including risks and mitigation		
	Renewed the terms of the 2024 Insurance Renewal programme, and approved enhanced cover for the Directors & Officers Liability Policy		
Stakeholder engagement	Brand partners and other suppliers: – Regular updates on brand performance, relationship, supply and engagement – Attended a product review for luxury watches, market trends, new lines and exclusives and how they support the Long Range Plan and strategic objectives		
	Investors – Received regular Investor Relations Updates – External presentations from corporate brokers – Received feedback following meetings with investors, particularly in relation to the new and ongoing Remuneration Policy		
	Colleagues: – Received feedback from the Designated Non-Executive Director for Workforce Engagement, Senior Management and colleague Listening Forums – Received feedback from the Diversity Council		
	Clients: – Received feedback from President of UK & Europe and President of North America & Deputy CEO on clienteling, exhibitions and events – Reviewed updates on how Xenia is being further embedded into retail – Received statistics on client surveys and online media surveys, all showing improvements from prior years		

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 there is a sound system of internal control and risk management in place (including financial, operational and compliance controls) and ensures the overall effectiveness and maintenance of those systems.

The Board is supported by a number of Committees, to which it has delegated certain powers. The role of these Committees, their membership, responsibilities and activities, during the year, are detailed on pages 130 to 131.

Some decisions are sufficiently material that they can only be made by the Board as a whole. There is a Schedule of Matters Reserved ('Reserved Matters') for the Board, which contains items reserved for the Board to consider and approve, relating to strategy and management, material contracts, financial reporting and controls, internal controls and risk management, Board membership and succession planning, corporate governance, structure and capital, and delegation of authority. In addition to the Reserved Matters, each Board Committee has written Terms of Reference defining its role and responsibilities. The Reserved Matters and the Terms of Reference of the Board Committees can be found on our corporate website, thewosgroupplc.com. Further details regarding the role and activities of the Board can be found on pages 136 to 137.

The Reserved Matters and the Committees' Terms of Reference are reviewed annually, updated as appropriate and approved by the Board.

The Board has received updates on its duties under the Companies Act 2006 and in particular is equipped to consider S172(1) of the Companies Act 2006 when decision-making for the Group.

Group policies and processes have been drafted with these duties in mind and to ensure that there is a culture of stakeholder engagement within the Group. The Company's purpose and values can be found on page 01.

The Company Secretary & General Counsel ensures that as the Board makes decisions, the impact on any of the stakeholder groups is considered. During the year, given the expansion of the Group and evolution of stakeholders and their interests, the Board reviewed its key stakeholders via a 'mapping exercise' to support strategic focus (including ESG strategy), ensure the interests of each of those stakeholders are appropriately considered as part of Board decision-making; and to better manage risks.

BOARD AND COMMITTEE ATTENDANCE

In addition to the six scheduled meetings, the Board held four additional meetings during the year to review the quarterly Trading Updates and delegate to the Disclosure Committee for the final approval. The Board also held a Strategy Day and a number of ad hoc meetings were held to cover approvals which arose outside of the scheduled meetings.

The Board travelled to the US for one of the scheduled Board meetings and further details can be found on page 135. Additionally, the Board held a meeting in one of the London showrooms and it is the intention of the Board to hold a meeting, during FY24, in the new Support Centre in Leicester.

The table on page 127 indicates the number of scheduled Board and Committee meetings, and attendance, during the financial year.

During the year, the Non-Executive Directors held three meetings without the Executive Directors present. The Chair also regularly maintains dialogue with each of the Non-Executive Directors outside of formal meetings.

BOARD SKILLS AND EXPERIENCE

It is essential to have an appropriate mix of skills, experience, diversity and independence on the Board. Such diverse attributes enable the Board, as a whole, to provide informed opinions and advice on strategy and relevant topics, thereby discharging its duty of oversight. Appointments to the Board are made following consideration of the experience and expertise of existing Directors, any required skill sets or competencies, and the strategic requirements of the Company.

The principles of the UK Corporate Governance Code 2018 (the 'Code') are embodied in both the Board and the Nomination Committee's approach to Board evaluation and succession planning. The Nomination Committee goes through a continuous process of evaluating the skills and experience required on the Board. As part of succession planning considerations, and following the prior year Board Evaluation recommendations, the Nomination Committee facilitated a skills survey, the results of which can be found on page 126. The results of the survey were considered as part of the Board Evaluation and will be used to assist future succession planning reviews and to assess and identify any suggested areas of training or increased awareness.

INFORMATION AND SUPPORT

The Board discharges its responsibilities through an annual programme of Board meetings. Papers and presentations are given to the Board (and its Committees) to focus its oversight on key areas of the business. This information helps to facilitate effective decision-making and input, and aids the Board's oversight and awareness of business performance or routine good governance practices operated by the Company. A selection of principal decisions taken by the Board and how the interest of relevant stakeholders were taken into account are set out in summary on pages 136 to 137.

Full and timely access to all relevant information is given to the Board in advance of meetings. For Board meetings, this consists of a formal agenda, minutes of previous meetings and a comprehensive set of papers including regular operational and financial reports. Where ad hoc meetings were required, outside of the scheduled meetings, the Board is sent documents in advance, for consideration and approval.

All Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. Directors are entitled to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

All Directors have access to the advice and services of the Company Secretary & General Counsel.

PURPOSE, VALUES AND CULTURE

As set out in the Reserved Matters, the Board is responsible for establishing the Company's purpose and values and ensuring these and the Company's culture are aligned. The Board monitors culture and seeks to ensure that business practices, policies and behaviours are aligned and embedded within the Company's purpose, values and culture. During the year, the Board considered culture, particularly during the purpose and values discussion and debate which took place as part of the approval of the People Strategy.

The Board recognises the importance of ensuring a positive and supportive culture throughout the Group which it believes can lead to organisational resilience and superior performance. We monitor this through direct and indirect colleague engagement activities and discussions with the Executive Directors, the Executive Director HR and other members of Senior Management. For further information see further information in the People Strategy on pages 62 to 81.

Through the following activities we ensure the Company's culture aligns with its purpose and values:

– Dedicated time at Board meetings for culture and workforce matters
– Reviewing the results of the Group's Colleague Engagement Survey
– Monitoring the levels and nature of whistleblowing reports
– Monitoring colleague turnover and retention
– Reporting by Internal Audit on fraud and compliance breaches to the Audit & Risk Committee
– Engaging with colleagues directly during showroom and Support Centre visits
– Reviewing the Group's key policies and HR initiatives
– Introduction of policies that support colleagues' health and wellbeing such as proactive wellbeing programmes, effective absence management systems and early access to occupational health for colleagues who have health problems
– Being updated on the Diversity Council meetings

During the year, we continued with our colleague engagement activities, including the Group's UK, US and Global Listening Forums. These forums bring together colleague representatives, Executive Directors and our Designated Non-Executive Director for Workforce Engagement. In creating these forums we have ensured that we have proportionate representation from all areas of our business and territories, in which we operate. Topics discussed included: Workplace, our internal communications platform; we held a 'you said-we did' review which demonstrated the impact of the Listening Forums on items such as colleague training and benefits; and an overview of the most recent Colleague Engagement Survey results.

The Board takes responsibility for all the Group policies which are applicable to our colleagues, and further information can be found on page 111.

STAKEHOLDER ENGAGEMENT

Our S172(1) Companies Act 2006 Statement includes details on how the Board has had regard to the need to foster the Company's business relationships and includes a Statement of Engagement with Colleagues. More information about the Board's engagement with its colleagues, clients, brand partners and other suppliers, communities and investors can be found on pages 51 to 53 and in the People Strategy on pages 62 to 81.

Understanding the views of the Company's stakeholders is a key priority for the Board and the business as a whole. It helps to focus the Company's resources, engagement and reporting activities by addressing those issues that matter most to the Group's businesses and to the Company's wider stakeholders. Fostering strong business relationships is an intrinsic part of the Company's long established and successful compounding strategy and a key consideration in all decision-making.

Whilst the Board has previously identified its key stakeholders, and regularly considers methods of engaging and managing each of those stakeholders whilst making decisions, the FY22 externally facilitated Board Evaluation recommended a stakeholder mapping exercise and discussion be conducted. The exercise should consider how the growing range of stakeholders (as a result of global expansion) was being managed. During the year, led by the Chair, the Board reviewed this matter. This exercise also helped the Board with strategic focus, decision-making and the identification of risks which may adversely affect the business.

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 colleagues, clients, and the communities in which we operate, as well as our brand partners and other suppliers and investors, all of whom we are accountable to. Knowing who our stakeholders are and what interests them enables us to manage their expectations and deliver upon their requirements. We ensure effective communication with all stakeholder groups by identifying key personnel who manage the relationships with them.

Further details on the key stakeholders identified can be found on page 51.

ENGAGING WITH INVESTORS

We welcome the opportunity to engage with our investors. The Chair has overall responsibility for ensuring that the Company has appropriate channels of communication with all of its investors and is supported in this by the Executive Directors, the Director of Investor Relations & Corporate Affairs, the Senior Independent Director, the Company Secretary & General Counsel and members of the Senior Management team.

We are in frequent contact with investors through a scheduled programme of communications and engagements.

The Board organises and directs the Group's affairs in a way that it believes will help the Group succeed for the benefit of its members as a whole, whilst having regard to each of its stakeholders. The Board seeks to ensure that it acts fairly between all members and considers both institutional investors and private shareholders when making decisions that impact them.

The Group ensures that it communicates the information that investors require, using traditional methods such as the Annual Report and Accounts, Trading Updates, RNS newswires, corporate press releases and in-person meetings. Engagements include various investor meetings attended, as appropriate, by the Chair, CEO, CFO, the Senior Independent Director, who is also the Chair of the Remuneration Committee, the Director of Investor Relations & Corporate Affairs and the Head of Sustainability and ESG. A summary of meetings and communications with investors is provided at each Board meeting.

During the year, the Company's corporate brokers provided regular feedback to the Board and attended three meetings. The CEO, CFO and the Director of Investor Relations & Corporate Affairs provide information to the Board, at each meeting, on topics such as share price performance and macro economic conditions. Feedback is also provided to the Board on the views of investors following individual meetings, including relating to the following:

– Particular elements of the Company's strategy and operations; progress on specific projects, financial performance, product development and risks
– ESG issues that affect our stakeholders, such as the environment, climate change, working conditions and relationships with brand partners and other suppliers
– Governance issues, particularly on remuneration, but also succession planning, board diversity and expertise and independence
– Capital allocation plans for the future
– Progress against the Long Range Plan

COMPOSITION, SUCCESSION & EVALUATION

COMPOSITION

The Board is comprised of a Non-Executive Chair, two Executive Directors, the Senior Independent Director and three independent Non-Executive Directors, and is supported by the Company Secretary & General Counsel.

At the start of the year, the Board appointed a new Non-Executive Director, Chabi Nouri, with effect from 1 May 2022.

Biographical details of the current Directors of the Company as at the date of this report are set out on pages 130 to 131. Full details of Directors who have served throughout the year can be found on page 173.

Following the end of the financial year, Anders Romberg rejoined the Group as CFO with effect from 12 May 2023 when Bill Floydd stood down from the Board.

DIVERSITY AND INCLUSION

The Company is committed to having 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 and we fully support the aims, objectives and recommendations outlined by the FTSE Women Leaders Review and the Parker Review.

The Company is pleased to report that as at 30 April 2023, the Board met the targets set out in FTSE Women Leaders Review and the Parker Review and, has also met the targets under the UK Listing Rules 9.8.6. There is no change to gender mix and ethnicity representation following the change in CFO role, effective 12 May 2023.

Further information on the Company's targets can be found in the Nomination Committee Report on page 146.

All Board appointments are based on merit, and candidates are considered against objective criteria and with due regard for the benefits of diversity on the Board. As well as experience and track record, Board appointments will be made taking due account of other criteria, such as curiosity, insights, engagement, cultural contribution, personal identity, and the differentiation that they could bring to the collective make-up of the Board.

In May 2023, the Nomination Committee reviewed the Board Diversity & Inclusion Policy and made recommendations to the Board for amendments to reflect both the current status of the Board and the new recommendations of the FTSE Women Leaders Review, particularly to extend the Policy to make greater reference to diversity, focusing on action beyond the boardroom including senior leadership and whole organisation diversity and the development of a robust pipeline as well as plans for succession. The amended Policy was approved by the Board in May 2023 and the Policy can be found on our corporate website, thewosgroupplc.com.

We are fully committed to building an inclusive culture and workforce, and our Diversity & Inclusion Strategy continues to support this aim. We believe that by treating our colleagues with respect and trust, supported by our Company purpose and values, we will build a more diverse, fair, inclusive Group, which will underpin our strategy and management decisions, actions and behaviours. It is essential the Company continues to hold itself accountable and we have set ourselves clear goals to help us realise our ambitions.

The Company collects both gender and ethnicity data direct from the Board members and executive management annually on a self identifying basis in a questionnaire. The data is used for statistical reporting purposes and is provided with consent. Board members and executive management are asked to identify their gender and ethnicity as set out in the table below.

Board and Senior Management diversity

The following tables set out the information required under the UK Listing Rule 9.8.6R(10) as at 30 April 2023. The information included, supports the statements made in the Nomination Committee Report which can be found on page 146.

For the purposes of the below table, executive management is defined in the UK Listing Rules. In the absence of an executive committee the Watches of Switzerland Group has defined executive management as the CEO and his direct reports.

Gender on a self identifying basis	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
Men	4	57.1%	3	5	62.0%
Women	3	42.9%	1	3	38.0%
Not specified/prefer not to say	–	–	–	–	–

Ethnicity on a self identifying basis	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	6	85.7%	4	7	87.5%
Mixed/Multiple Ethnic Groups	1	14.3%	–	1	12.5%
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

SUCCESSION PLANNING

The Nomination Committee continues to review succession plans for both Board and Senior Management each year. During the year the Nomination Committee held a separate session which focused specifically on the succession planning for Non-Executive Directors. Further information on our approach to succession planning and Board appointments can be found in the Nomination Committee's Report on pages 145 to 146.

The Board reviews annually the bench strength and skill set of the Senior Management team, taking into consideration the growth strategy of the business and the need to ensure we maintain the right levels of talent to support the future growth of the business.

BOARD EVALUATION

During FY23, following the FY22 externally facilitated Board Evaluation, the Board conducted an internal Board Evaluation. The Chair and the Company Secretary & General Counsel worked together on producing a questionnaire, which reflected the workings of our Board and took into consideration the findings and recommendations of the previous external evaluation. The purpose of the exercise was to conduct a comprehensive evaluation of how the Board and its Committees operate, as measured against current best practice corporate governance principles and in accordance with the provisions of the Code and associated guidance.

It is the Board's policy to conduct a Board Evaluation exercise on an annual basis. In line with the Code, the Board's policy is to conduct an externally facilitated review, at least, once every three years.

Further information on the Board effectiveness and evaluation can be found on page 143.

RE-ELECTION OF DIRECTORS

In accordance with the Code, the Board has determined that all Directors will stand for election or re-election at each AGM. The Chair of the Board has confirmed that the Directors standing for election or re-election at this year's AGM continue to perform effectively and that they demonstrate commitment to their roles. This can be seen by the attendance record set out on page 127. 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 130 to 131.

As set out in the Nomination Committee Report on page 147, three of the Non-Executive Directors were at the end of their first three-year term in June 2022. All three Directors expressed a willingness to remain in office and the Nomination Committee recommended to the Board that their terms be extended for a further three years. This was approved by the Board in May 2022.

PREPARATION OF THE ANNUAL REPORT AND ACCOUNTS

Assisted by the Audit & Risk 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 & Risk Committee Report on page 148 for details of the review process.

See pages 24 to 25 in the Strategic Report for the description of our Business Model. See page 122 and 123 for the Going Concern and Viability Statement.

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. At the end of the year, excluding the Chair, the Board consists of six members, of which four members are determined by the Board to be Independent Non-Executive Directors. The composition of the Audit & Risk Committee, Nomination Committee and Remuneration Committee comply in all respects with the independence provisions of the Code.

Each of the Directors has a statutory duty under the Companies Act 2006 to avoid conflicts of interest with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions on participation at relevant Board meetings. The Chair, acting reasonably, has the power to determine whether a matter was a conflict matter.

Directors are required to give notice of any potential situational and/or transactional conflicts, which are then considered by the Board and, if deemed appropriate, authorised accordingly. A Director is not however, permitted to participate in such considerations or to vote in relation to their own conflicts.

Following the last review, the Board concluded that any potential conflicts have been appropriately authorised, that no circumstances existed which would necessitate that any prior authorisation be revoked or amended and that the authorisation process continued to operate effectively.

EXTERNAL DIRECTORSHIPS

Any external appointments or other significant time commitments of the Directors require the prior approval of the Board.

The Board is comfortable that external appointments of the Chair and the Non-Executive Directors do not impact on the time that any Director devotes to the Company and there are no overboarding concerns for any of the Directors.

INFORMATION PROVIDED TO THE BOARD

There is a good flow of information to the Board, with regular updates on trading, cash flows, and financing. Board members receive monthly financial information comprising sales analysis which is accompanied by narrative. Alongside this reporting there is regular ongoing dialogue with the Non-Executive Directors. The Board also receives daily market updates containing a summary of share performance.

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

TRAINING AND INDUCTION

The Directors are provided with annual refresher training on their duties and responsibilities as directors of a publicly listed company and governance and regulatory trends or updates. Any new director receives a comprehensive induction which includes a separate session on governance and directors' duties. During the year, the Company Secretary & General Counsel continued to monitor the training requirements of each Director, and the Board Evaluation questionnaire also focused on the needs of the directors with regard to training. Technical briefings are provided in response to any training requirements.

Training topics for FY23 included corporate governance updates, director duties, ESG considerations, and Market Abuse Regulations, including the specific requirements for Persons Discharging Managerial Responsibilities and Inside Information.

Following Chabi Nouri's appointment, a full and extensive induction was put together, which included meetings with Senior Management, advisers and external stakeholders. Further detail of the induction programme of Chabi can be found on page 147. Notwithstanding Anders Romberg's previous tenure, a comprehensive reinduction has been prepared, particularly covering key developments since his departure.

The Board is committed to the training and development of Directors to improve their knowledge of the business and the regulatory environment in which it operates. The Company Secretary & General Counsel is responsible for helping the Chair identify and organise training for the Directors which is tailored to individual needs.

AUDIT, RISK MANAGEMENT AND INTERNAL CONTROL

The Audit & Risk Committee is chaired by Robert Moorhead and is comprised entirely of Independent Non-Executive Directors. Robert is currently the Chief Financial Officer of WH Smith PLC and continues to have recent, relevant and up to date financial experience. The Committee has defined Terms of Reference which include assisting the Board in discharging its responsibilities with respect to:

1. Establishing formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.
2. Establishing and reviewing procedures to ensure that the Annual Report and Accounts present a fair, balanced and understandable assessment of the Group's position and prospects.
3. Establishing procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Group is willing to take in pursuance of its long-term strategic objectives.

Refer to page 148 for details on the work of the Audit & Risk Committee.

The Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The processes in place for assessment, management and monitoring of risks are described in the Risk Management section on pages 113 to 114.

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 & Risk Committee, has carried out a review of the effectiveness of the system of risk management and internal controls during FY23 and for the period up to the date of approval of the Consolidated Financial Statements contained in the Annual Report and Accounts. Every functional senior manager has completed an annual 'control certificate', to confirm the effectiveness of internal control within their respective area. All Senior Managers who completed the 'control certificate' were asked to disclose any known control failures, instances of non-compliance with legislation or regulatory requirements, instances of identified fraud or serious control breakdown, or any other relevant matters they are aware of, that may need to be considered by the Board in making the required disclosure.

To gain assurance over the design and operation effectiveness of controls, and to confirm that accurate statements had been provided, sample tests were conducted, by Internal Audit, to determine whether controls are effective in mitigating risks.

In conclusion, based on the work performed, the Board is satisfied with the adequacy of the Group control framework and the Board confirms that no significant weaknesses or failings were identified as a result of the review of effectiveness.

REMUNERATION

The Remuneration Committee is chaired by Tea Colaianni and is made up of Independent Non-Executive Directors and the Chair. Prior to her appointment as Chair of the Committee, Tea had served on a Remuneration Committee for a significant period of time, longer than the required 12 months. Tea also serves as the Chair of a Remuneration Committee of another listed company.

The Committee has defined Terms of Reference which include assisting the Board in discharging its responsibilities with respect to:

– Determining the policy for Executive Director remuneration and setting remuneration for the Chair of the Board, Executive Directors and Senior Management

– Reviewing workforce remuneration and related policies

Refer to page 156 for further details on the work of the Remuneration Committee.

BOARD AND COMMITTEE EFFECTIVENESS AND EVALUATION

FY22 EXTERNAL INDEPENDENT BOARD EVALUATION

As reported last year, and in accordance with the Corporate Governance Code 2018 (the 'Code'), towards the end of FY22 the Company undertook an externally facilitated Board Evaluation. The Company engaged Independent Audit Limited (IAL) to conduct an interview-driven review of the performance of the Board and each of its Committees. There are no connections between IAL and individual directors to be disclosed.

The review concluded that the Board was showing the characteristics of an effective board and the governance framework was developing well. It was concluded that the Board has a range of strengths, with relevant, complementary skills and experience that help to provide scrutiny, oversight, input and value. The Directors intend to build on these strengths and to develop the Board further with some key areas of focus. These strengths form a solid foundation. However, some areas still require development, regardless of how the role of the Board develops.

Whilst the evaluation concluded that the Board and its Committee were effective and operated efficiently, and with good engagement, a number of recommendations were agreed and, under the supervision of the Nomination Committee, an action plan was put in place. The action plan covered the priorities detailed below.

Key Priorities Identified from FY22 Evaluation	Progress Made during FY23
Enhance Non-Executive Directors' level of knowledge of the business	Deep dive sessions outside of Board meetings on brand partners, including product updates Increased interaction with Senior Management, with greater attendance and presenting at Board and Committees
Further understanding of the Board's purpose and aims	Understanding the purpose of the Board is considered on an ongoing basis A stakeholder mapping review was undertaken to ensure the Board considers its growing range of stakeholders during the decision-making process Annual review of the Matters Reserved for the Board and the Roles and Responsibilities of the Chair and the CEO
Evolution of the Board agenda and presentations	The structure and balance of the papers was amended Agendas were made more thematic and reflective of strategic objectives and drivers
Elevated visibility of the Group's People Strategy	Approved a new People Strategy People information included within the CEO Report at each Board meeting Board and Nomination Committee considered Senior Management succession planning New Executive Director HR, who regularly attends Board meetings
Further focus on non-executive succession planning	The Nomination Committee considered non-executive succession in December 2022 The Board's composition was reviewed following the appointment of Chabi Nouri, as a Non-Executive Director in May 2022

FY23 BOARD EVALUATION

Towards the end of FY23, the Chair of the Board, alongside the Company Secretary & General Counsel, agreed the proposed approach for an internal Board Evaluation with the Nomination Committee. A performance evaluation questionnaire, collated by the Chair of the Board and the Company Secretary & General Counsel was sent to all members of the Board to gain an insight into how well the Board is performing; this also included areas for comments and training suggestions.

The Board was reminded that it should regularly assess its effectiveness, the adequacy of matters reserved to it, and how well it acts as a forum for discussion and communication. Regular assessments may identify areas in which the Board and its processes might be more effective, or may highlight skills and/or knowledge gaps in the Board which may lead to a request for additional development (continuing education).

The Senior Independent Director conducted an independent assessment of the Chair of the Board and provided feedback to the Nomination Committee.

The review concluded that the Board operates effectively and efficiently and is well engaged. All Board members actively contribute at meetings and the Board is well chaired, operating effectively and that improvements continue to be made year-on-year. The following areas were identified for further development:

– Further evolution of Board agendas and presentations
– Continued enhancement of the Board's knowledge, relating to products, brands and ESG climate reporting
– Review of jewellery strategy
– Review method of presentation of the business performance measures
– Increased focus on the principal risks of information security and cyber security
– Further succession planning for the Board and Senior Management

An action plan has been developed, progressed and will be monitored throughout FY24 by the Nomination Committee

NOMINATION COMMITTEE REPORT

IAN CARTER
CHAIR OF THE NOMINATION COMMITTEE

MEMBERS

MEMBERS
Ian Carter (Chair)
Tea Colaianni
Rosa Monckton
Robert Moorhead

PRINCIPAL RESPONSIBILITIES

The Committee's principal responsibilities are to:

– Review the structure, size and composition of the Board and its Committees

– Give full consideration to succession planning for the Board and other Senior Management taking into account the challenges and opportunities facing the Company, and the skills, diversity and expertise needed

– Review the leadership needs of the organisation

– Remain fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates

– Identify and nominate potential Board candidates

– Evaluate the combination of skills, knowledge, experience, diversity and independence on the Board

– Review the results of the Board performance evaluation process and manage any recommendations

– Support people initiatives that promote a culture of inclusion and diversity

DEAR SHAREHOLDER

I am pleased to report the Nomination Committee remains compliant with the Corporate Governance Code 2018 (the 'Code'). The Code recommends that the Committee be comprised of a majority of Independent Non-Executive Directors which it does as Tea Colaianni, Robert Moorhead and Rosa Monckton are all independent.

The Company Secretary & General Counsel acts as Secretary to the Nomination Committee, and by invitation, the CEO, other Board members, the Executive Director HR, other Senior Management and/or external advisers may attend as appropriate for all or part of any meeting.

ROLE

The role of the Nomination Committee is to ensure that the Board comprises individuals with a combination of the necessary skills, knowledge, experience, diversity and independence to ensure that the Board and its Committees are effective in discharging their responsibilities.

TERMS OF REFERENCE

The responsibilities of the Nomination Committee are set out in its Terms of Reference. The Nomination Committee's Terms of Reference reflect the current regulatory requirements and best practice appropriate to the Group's size, nature and stage of development. The Terms of Reference were reviewed during the year, as is normal practice, and minor stylistic changes were made which included a clarification of the definition of the Group's Senior Management to ensure consistency with the Board Diversity & Inclusion Policy and the new diversity reporting requirements.

The Terms of Reference can be found in full at thewosgroupplc.com

The Nomination Committee's Terms of Reference require that the Committee meets at least twice a year. During the year, the Nomination Committee met three times, with an additional ad hoc meeting relating to the appointment of Chabi Nouri. Full details of Nomination Committee meeting attendance can be found on page 127.

BOARD CHANGES

Towards the end of FY23, the Board became aware of Bill Floydd's concerns regarding the travel commitments being greater than he had expected when he embarked on the role in January 2022 and that in the long-term this may not be sustainable for him. It was subsequently decided that it was in the best interests of the Company and Bill that he would leave the business.

At the same time the Board had become aware that Anders Romberg, who had served as the CFO from 2014 to 2022, was looking to return to a comparable role having spent some time away from business. Anders is highly regarded and has an excellent track record of financial leadership at the Group.

On 3 May 2023 it was announced Anders would rejoin the Company on that day and be appointed to the Board and as CFO on 12 May 2023. Bill resigned his directorship and CFO role on the same date.

Having extensively discussed and assessed the options available to the Company and taking into consideration that a comprehensive search had been conducted in relation to the hiring of Bill, the Committee decided that launching a formal search for Bill's successor was not necessary. In addition to Anders' extensive experience of working in the Group since 2014, throughout the transformation period from private to public, Anders has extensive knowledge and a deep understanding of the dynamics of the luxury watch and jewellery markets and the business of the Group.

KEY ACTIVITIES DURING THE YEAR

- Recommended that for three of the Non-Executive Directors, their three-year tenure be extended
- Recommended to the Board that Chabi Nouri be appointed to the Audit & Risk Committee
- Conducted a comprehensive review of executive and non-executive directors succession planning and the Senior Management talent pool
- Considered the skills, diversity and expertise as well as the backgrounds of each of the Board members, when reviewing the future needs of the Board
- Discussed and agreed an action plan following the FY22 Board Evaluation
- Reviewed external appointments for the Non-Executive Directors to assess whether any appointment is significant or causes any conflicts
- Reviewed the Committee's Terms of Reference and confirmed they had been adhered to
- Reviewed the Company's Conflicts of Interest Register
- Reviewed and recommended to the Board, the updated Board Diversity & Inclusion Policy
- Agreed, with the Board, the process for the FY23 internal Board Evaluation
- Recommended to the Board the appointment of the CFO

> "The Board Diversity & Inclusion Policy has been extended to reflect the Board's commitment to diversity and inclusion, not only at Board level, but throughout the organisation."
>
> IAN CARTER
> CHAIR OF THE NOMINATION COMMITTEE

When considering Anders' appointment, the Nomination Committee took into consideration the balance of skills, knowledge, independence, diversity and experience already on the Board. It was concluded that Anders would bring to the Board a wealth of senior financial expertise, necessary skills, international experience and leadership qualities, and the Board and Group will benefit greatly from his experience which will provide a positive contribution to the Group's strategic objectives.

Further details on Anders' skills and experience can be found on page 130.

INDUCTION

On joining the Company, all Directors undergo a tailored induction and familiarisation programme. The comprehensive induction programme includes meetings, either face-to-face or via conferencing facilities with colleagues in both the UK and the US. Other meetings will involve external advisers and visits to offices, showrooms and repair workshops. Director induction also focuses on recent Board and Committee activity, stakeholder engagement, brand partnerships, investor relations and a tailored session on corporate governance.

The induction programme for Non-Executive Directors is facilitated and implemented by the Chair of the Company, and the Company Secretary & General Counsel with input from the CEO. Detailed information on Chabi Nouri's induction can be found on page 147.

A comprehensive induction programme for Anders was embarked on, notwithstanding his comprehensive knowledge of the business. The programme included meeting with Senior Management, new colleagues, a comprehensive handover from the Board members and the outgoing CFO, and training and updates on changes to regulatory reporting requirements and corporate governance updates, since his retirement.

SUCCESSION

The Committee plays a vital role in promoting effective Board and leadership succession, making sure it is fully aligned to the Group's strategy.

Succession planning is the process of identifying the critical positions within our organisation and developing action plans and pipelines to fill them, thereby minimising the risk to the business of key roles being vacant. The Committee continues to ensure that succession planning for business-critical roles is proactively reviewed and the diverse pipeline continues to develop.

During the year, and as a result of the FY22 external Board Evaluation recommendations, the Committee discussed as a priority non-executive director succession. The Committee considered the composition of the Board, particularly following the appointment of Chabi Nouri in May 2022.

Additionally, the Committee held a comprehensive review of succession for Executive Directors and Senior Management. The Committee is committed to building skillsets for future succession plans. Greater exposure and involvement with key stakeholders of the Group has been undertaken by the President of UK & Europe and the President of North America & Deputy CEO, both of which were two new roles created at the start of the financial year. Additionally, the Committee oversaw the development of the new senior management leadership structure and the creation of a new role, Global Group Buying and Merchandising.

As part of our succession planning, the Committee considers the current skills, experience and tenure of the Directors, and assesses future needs against the Group's strategic objectives. The Committee considered talent reviews, consistently assessing potential performance and closely monitoring the successors' development plans to improve the quality and diversity of our succession plans taking into consideration the future growth strategy of the business.

In order to conclude the Board's composition and succession planning discussions, the Chair requested the collation of 'skills data', which would be converted into a skills matrix to help identify the Board's requirements as the strategy of the Group evolves and as part of general Board planning. At the same time gender and ethnicity data for Board members was captured, the details of which can be found on page 126.

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 takes into consideration all regulations and best practice, including the FTSE Women Leaders Review, as well as the Parker Review.

The FTSE Womens Leaders Review makes a number of recommendations including the following targets (i) 40% of FTSE 350 board and leadership positions should be held by women by the end of 2025; and (ii) FTSE 350 companies should have at least one woman appointed as Chair, Senior Independent Director, CEO or CFO by the end of 2025.

The key recommendation of the Parker Review is that each FTSE 250 board should have at least one director from an ethnic background by 2024. There are also a number of other recommendations around the roles of the Nomination Committee, search process and procedures for new appointments, succession planning and talent development.

The Board Diversity & Inclusion Policy includes the targets set by the FTSE Womens Leaders Review and the Parker Review. The Committee is required to review, annually, the Board Diversity & Inclusion Policy as well as measurable objectives for achieving diversity on the Board. In May 2022, the Committee reviewed the Board Diversity & Inclusion Policy and made recommendations to the Board for amendments to reflect both the current status of the Board and also the Board's aims to maintain its current targets. The changes also reflected the new requirements introduced by the FCA and DTR 7.2.8AR on board diversity policies. The Board Diversity & Inclusion Policy was expanded to make greater reference to diversity, focusing on action beyond the boardroom, including Senior Management and the need to consider wider diversity characteristics including sexual orientation, socio-economic background and disability (in addition to the aspects of age, gender, or educational and professional backgrounds).

Under the Listing Rule 9.8.6, new reporting requirements have been introduced which requires the Company to include a statement as to whether they have complied with the following targets on board diversity as at a chosen reference date within its accounting period; (i) at least 40% of the individuals on its board of directors are women; (ii) at least one of the board senior positions, the Chair, CEO, Senior Independent Director or CFO is held by a woman; and (iii) at least one individual on its board of directors is from a minority ethnic background.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end and proposes to maintain this alignment for future reporting periods. As required under LR 9.8.6 R(10), further details in respect of the three targets outlined above as at 30 April 2023, are disclosed in the tables on page 140.

The Company is pleased to report that as at 30 April 2023 the Board met the targets set out in FTSE Women Leaders Review and the Parker Review and, has also met the targets set out in LR 9.8.6.

The Committee is satisfied that the focus on diversity and inclusion by the Board and Senior Management and the Company's diversity strategy underpinned by its targets means that any risks around continuing to meet externally set targets are mitigated.

Future Board appointments will continue to be based on merit, and candidates will be considered, against objective criteria and with due regard for the benefits of diversity on the Board. As well as experience and track record, Board appointments will be made taking due account of other criteria, such as curiosity, insights, engagement, cultural contribution, personal identity, and the differentiation that candidates can bring to the collective make-up of the Board.

Wherever possible, the search pool will be widened and where executive search firms are used, the Group will only engage with those firms that have adopted the 'Voluntary Code of Conduct for Executive Search Firms' or similar. When considering succession planning, the Nomination Committee is advised by the CEO as to the internal pipeline of Board capable candidates and the evolvement of the pipeline to appropriately reflect the importance of diversity to their organisation.

The Board recognises and considers the importance of diversity not just at Board level but through the organisation and we have a number of programmes and initiatives in place within the organisation to help develop a diverse talent pipeline, including diversity induction training, learning and development, mentoring and sponsorship. In FY23, the Board approved the new Group People Strategy. Further information on our workforce initiatives on diversity and inclusion can be found on pages 64 to 65.

EFFECTIVENESS AND COMPOSITION

The FY23 Board Evaluation was based upon an internal questionnaire and further details of the progress from the FY22 evaluation and the process for FY23 can be found on page 141. The performance of this Committee was evaluated as part of the annual Board Evaluation process. The Board review concluded that the Committee functions effectively.

The Nomination Committee will be responsible for overseeing an action plan to be put in place following recommendations from the FY23 Board Evaluation.

As part of the annual evaluation of the effectiveness of the Board, and its Committees, the Committee considers the diversity and the composition to ensure it is appropriate to discharge its duty effectively and to manage succession issues. The Committee keeps the composition of the Board and its Committees under continual review, to ensure that they have a suitable balance of skills and experience to oversee and challenge the delivery of the Group's strategy, and to discharge the Committee's responsibilities effectively.

DIRECTOR INDUCTION PROGRAMME – CHABI NOURI

Following her appointment, Chabi undertook a tailored and comprehensive induction and familiarisation programme, suited to the needs of the individual and implemented by the Chair of the Board, the Company Secretary & General Counsel, with input from the CEO. An outline of the induction process is set out below.

- A comprehensive introduction to:
  - Corporate Governance Code matters and governance trends
  - Legal and regulatory guidance and reporting:
  - Directors' duties (including s172)
  - Share dealing, insider dealing and Market Abuse Regulations
  - FY22 Board Evaluation and action plan
  - Overview of the Schedule of the Matters Reserved for the Board
  - The Group structure
  - The Group's purpose and values
- Introductions to the Company's key external advisers, including the External Auditor, and a training session from the Company's corporate solicitors
- Recent Board and Committee meetings considerations, including minutes and matters arising from the meetings
- Introduction to the Trading Board with follow-on deep dive sessions as required to further develop understanding of key areas
- Visits to showrooms in the UK
- As part of the US Board trip Chabi met a number of key colleagues, brand partners and participated in a specific session on the US market review and US competition compliance
- Briefing sessions on the key financial areas of the organisation including:
  - The Long Range Plan, budget, strategy and operational compliance
  - Stakeholder perceptions and key issues raised by, for example, investors, regulators and industry groups
- Provided with details of the Directors' and Officers' Liability Insurance

RE-ELECTION OF DIRECTORS

The effectiveness and commitment of each of the Non-Executive Directors is reviewed by the Committee annually. The Committee has satisfied itself as to the individual skills, relevant experience, contributions and time commitment of all the Non-Executive Directors, taking into account their other offices and interests held. As detailed on page 173, the Board is recommending the election or re-election to office of all Directors at our 2023 AGM.

In June 2022, the Committee considered the reappointment terms of Tea Colaianni, Robert Moorhead and Rosa Monckton as their first three-year term expired. Taking into consideration the attributes described above, and as all three Directors expressed a willingness and desire to continue in office, the Committee recommended to the Board that their appointment terms were extended for a further three years.

I will be available at the AGM to answer any questions on the work of the Committee.

IAN CARTER
CHAIR OF THE NOMINATION COMMITTEE
12 July 2023

AUDIT & RISK COMMITTEE REPORT

ROBERT MOORHEAD
CHAIR OF THE AUDIT COMMITTEE

MEMBERS

Robert Moorhead (Chair)
Tea Colaianni
Rosa Monckton
Chabi Nouri

KEY RESPONSIBILITIES

Financial reporting:

– Monitor the integrity of the Financial Statements of the Company and Group
– Review the appropriateness and consistency of significant accounting policies
– Review and report to the Board on significant financial issues and judgements
– Review the appropriateness of Task Force on Climate-related Financial Disclosures (TCFD)

Internal control and risk management:

– Carry out a robust assessment of the Group's emerging and principal risks on an annual basis, including environmental risks and opportunities
– 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 and consider the impact they have on independence
– Review and monitor the External Auditor's independence and objectivity
– Conduct any External Audit tender process and making recommendations to the Board about the appointment, reappointment and removal of the External Auditor
– Approve the remuneration and terms of engagement of the External Auditor
– Ensure the External Auditor has full access to Company colleagues and records
– Invite challenge by the External Auditor, giving due consideration to the points raised

Other:

– Engaging with shareholders on the scope of the External Audit, where appropriate

DEAR SHAREHOLDER

I am pleased to introduce the Audit & Risk Committee Report for the financial year ended 30 April 2023. During the year, the Audit & Risk Committee changed its name to the Audit & Risk Committee to reflect the Committee's role in managing risk. The Committee continued to play a key role in the development of the Group's governance framework and its activities included reviewing and monitoring the integrity of financial information, the Group's system of internal controls and risk management, internal and external audit processes and the process for compliance with laws, regulations, and ethical codes of practice. In addition, we work with other Committees and the Board to ensure that stakeholder interests are protected and the Group's Long Range Plan is supported. The Committee also worked alongside the ESG Committee having regard to ESG risk management and TCFD reporting.

COMMITTEE COMPOSITION

All members of the Audit & Risk Committee are deemed Independent Non-Executive Directors. The Board considers that I have recent and relevant financial experience as required by the Corporate Governance Code 2018 (the 'Code') and the Committee has competence relevant to the sector in which the Group operates. Details of the Audit & Risk Committee members' experience can be found on pages 130 to 131. The Committee's wide range of financial and commercial skills and experience serves to provide the necessary knowledge and ability to work as an effective committee and to robustly challenge the Executive Directors and Senior Management as and when appropriate. Chabi Nouri, Non-Executive Director, was appointed to the Audit & Risk Committee on 6 July 2022.

At the invitation of the Committee, the Chair of the Board, the CEO, the CFO, the Head of Internal Audit & Risk, Senior Management and the External Auditor attend meetings. The Committee has regular private meetings with the External and Internal Auditors during the year.

The Company Secretary & General Counsel acts as Secretary to the Committee.

TERMS OF REFERENCE

The Terms of Reference of the Committee reflect the current statutory requirements and best practice appropriate to the Group's size, nature, and stage of development. The Committee met its requirement to meet at least four times a year. Details of meeting attendance can be found on page 127. The Committee reviews its Terms of Reference annually, recommending any suggested changes through to the Board.

In addition to changing the name the opportunity was taken to add some clarity and enhancements to the Terms of Reference. These included:

– Reference to working alongside the ESG Committee when reviewing environmental, social and governance risks and opportunities
– Defining the major findings of any relevant internal investigations in relation to control weaknesses, fraud or misconduct
– Clarifying disclosures associated with the recommendations of the Task Force on Climate-related Financial Disclosures

COMMITTEE EFFECTIVENESS

During FY23 an internal Board Evaluation, of the Board and the Board Committees was undertaken. The results of which concluded that the Audit & Risk Committee functions effectively, provides the right degree of challenge, and interacts well with the Board and other Committees. Details of how the evaluation was conducted can be found on page 141.

ACTIVITIES UNDERTAKEN BY THE AUDIT & RISK COMMITTEE

Financial reporting:
- Monitored the integrity of the Group's FY23 year end Results Announcement, Annual Report and Accounts, and the FY23 Half Year Statement
- Assessed and recommended to the Board that the Annual Report and Accounts are fair, balanced, and understandable, including Alternative Performance Measures (APMs)
- Assessed the Going Concern and Viability Statement having reviewed supporting papers from management including the consideration of the cost-of-living increases, global conditions, and climate change on those assessments
- Considered papers from management on the key financial reporting judgements and estimates
- Reviewed the Task Force on Climate-related Financial Disclosures (TCFD) FY23 year end reporting, including the scenario analysis undertaken to assess the impact of climate-related risks

Internal control and risk management:
- Considered the adequacy and effectiveness of the Group's ongoing risk management systems and control processes, including environmental risks and opportunities
- 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 cost-of-living increases, global conditions, and climate change on the principal risks and uncertainties, and the actions management are taking in response to this
- Received deep dive presentations on principal risk areas of cyber security and data governance
- Received updates and recommendations on reforms to the Department for Business, Energy & Industrial Strategy (BEIS) proposals for Audit and Corporate Governance reform
- Reviewed and approved the Group's Whistleblowing Policy and 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. The Committee recommended to the Board for approval the Anti-Bribery, Corruption & Fraud Policy which includes the gifts and hospitality protocols. The Committee also recommended to the Board for approval the Anti-Money Laundering Policy which had been updated to reflect the fact that the UK business was no longer classified a 'High Value Dealer' for HMRC
- Considered the Group's systems and framework of controls designed to detect and report fraud
- Reviewed the Group's Treasury Policy
- Approved the Group Tax Strategy and received management reports on the tax affairs of the Group

Internal and external audit:
- Reviewed the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements
- Invited challenge by the External Auditor, giving due consideration to the accounting, financial control, and audit issues reported by the External Auditor as a result of their work
- Reviewed the Internal and External Auditor independence and objectivity including approving the policy on non-audit services
- Agreed the External Auditor engagement letter and recommended the External Auditor remuneration to the Board
- Reviewed and approved the Internal Audit Charter
- Received and reviewed the annual plan and audit reports from the Internal Audit team
- Undertook a review of the effectiveness of the Internal Audit function
- Held regular private meetings with the Internal and External Auditors, without management present
- Ensured the External Auditor had full access to Company colleagues and records

Making recommendations to the Board about the reappointment of the External Auditor:
- Reported to the Board on how the Committee has discharged its responsibilities with respect to external audit

Other:
- Reviewed the Committee's Terms of Reference and approved amendments
- Considered the recommendations of the FY22 Board Evaluation and the consideration of risk matters
- Monitored mandatory elearning completion statistics for key compliance areas such as Health & Safety and Anti-bribery and Corruption

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 the FY24 three-year plan, and cash flow projections. The going concern and viability reviews by the Committee included the review of the results of the reverse-stress tests performed by management, available financing in place and any further mitigating actions that management could take. In making its assessment, the Committee took into consideration the trading results of the Group, liquidity and covenant compliance.

As a result of the assessment, the Committee reported to the Board that the going concern basis of preparation remained appropriate and 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 pages 122 to 123.

SIGNIFICANT FINANCIAL REPORTING AREAS

In preparing the Financial Statements, there are several areas requiring the exercise of judgement by management. The Committee's role is to assess whether the judgements and estimates made by management are reasonable and appropriate. To assist in this evaluation, the CFO provided an accounting paper to the Committee, setting out all the financial reporting judgements and estimates which were considered material to the Financial Statements.

The main areas of judgements and estimates that have been considered by the Committee in the preparation of the Financial Statements are as follows:

Impairment of tangible and right-of-use assets

The Committee received and considered a paper from management covering the judgements made in respect of the impairment testing of the Group's property, plant and equipment, and right-of-use assets. The Committee noted that management had considered the trading results of each showroom and noted where a showroom has low profitability which is not expected to improve in the near future. The Committee also reviewed management's assessment of whether any prior impairments should be reversed given current trading.

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, along with the disclosures made in the Financial Statements. The Committee also received and discussed a paper from the External Auditor on their work in this area, which specifically considered and reported on their challenge and assessment of the key assumptions and methodology used.

The Committee was satisfied that the approach adopted by management was sufficiently robust to identify when an impairment charge or reversal for showroom assets needs to be recognised and how it should be assessed and reported.

Inventory valuation

The Committee received a paper from management on accounting for and valuation of inventory. It discussed the judgements made by management, with specific consideration to discontinued product and slow-moving stock. The Committee also considered the policy for, and calculation of, rebates recognised and absorbed into inventory.

The Committee received a paper from the External Auditor regarding the audit work they performed over the valuation of inventory. The Committee is satisfied that the process and judgement adopted by management for the valuation of inventory is sufficiently robust to establish the value of inventory held and is satisfied as to the appropriateness of the Group's provisioning policy.

Revenue recognition

The Committee received papers from management covering the control environment relating to sales cut-off and accounting judgements in relation to the accounting for gift cards, client returns and client deposits.

The Committee also received a paper from the External Auditor regarding the audit work they performed over revenue recognition, which included the use of computer data analytic tools. The Committee determined that the majority of the Group's revenue transactions are non-complex, with minimal judgement applied over the amount recorded. The Committee is satisfied that the approach taken by management is sufficiently robust in relation to the recognition of revenue.

IFRS 16 'Leases'

During the year, the Committee reviewed the key judgements and assumptions applied to the calculations and disclosures provided within the Financial Statements. These included the determination of the term of the leases, the discount rates used and the determination of whether lease agreements included substantive substitution rights and should be treated as leases. The Committee also considered and challenged the use of pre-IFRS 16 APMs within the Annual Report and Accounts and concluded that these APMs align with the management reporting used to inform business decisions, investment appraisals, incentive schemes and banking covenants.

Pensions

The Committee assessed the accounting treatment adopted by management and the application of IAS 19 'Employee Benefits' in relation to the Aurum Retirement Benefits Scheme. The Committee reviewed the judgements made in respect of the assumptions used in the valuation of the Group's obligations under the scheme and the associated disclosures made in the Financial Statements.

Non-underlying and exceptional items

The Committee considered the presentation of the Financial Statements and in particular the use of APMs and the presentation of exceptional items in line with the Group accounting policy. This policy states that adjustments are only made to reported profit when not considered part of the normal operating costs of the business and considered exceptional due their size, nature, or incidence.

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 FY23 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 co-ordination by a member of the finance team, to ensure consistency across the relevant sections
- An internal verification process is undertaken to ensure accuracy
- Comprehensive reviews of drafts of the Annual Report and Accounts are undertaken by Executive Directors and Senior Management
- The final draft of the Annual Report and Accounts is reviewed by the Audit & Risk 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 several different sources to carry out its work including Internal Audit assurance reports, the assurance provided by the External Auditor and other third parties in specific risk areas.

The Committee monitors and reviews the effectiveness of the Group's risk management processes and internal financial and non-financial controls. The key features of the risk management process that were in place during the year are as follows:

- Each business function conducted risk assessments based on identified business objectives, which were reviewed and agreed annually by the Senior Management of each function. Risks are considered across the areas of financial, people, and regulatory and are evaluated in respect of their potential impact and likelihood. These risk assessments are updated and reviewed at least quarterly and are reported to the Committee
- The Committee oversaw a revised methodology to determine the risk impact
- A Group risk assessment is also undertaken by management, which considers all areas of potential risk across all systems, functions, and key business processes. This risk assessment, together with the business risk assessments, forms the basis for determining the Internal Audit plan
- Climate-related physical and transition risks and opportunities, that could impact the business in the future under different climate scenarios, have been considered and incorporated into the risk management framework
- The assessment, management, and monitoring of climate-related risks aligns with the Group risk management framework, and a governance structure has been established for the oversight of these risks, including an ESG Committee
- The Head of Internal Audit & Risk met with all Senior Management to undertake a formal review of the internal controls across the Group. Senior executives were required to certify compliance with the Group's policies and procedures and that appropriate internal controls were in operation during the period under review. Any weaknesses are highlighted, and the results are reviewed by the Head of Internal Audit & Risk, the Committee, and the Board
- The Committee confirmed to the Board that it has reviewed the effectiveness of the systems of internal control, including financial, operational, and compliance controls, and risk management for the period of this report, in accordance with the Code and the Risk Management and Internal Control Guidance

INTERNAL AUDIT

The Head of Internal Audit & Risk, who reports directly to the 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 plan and assesses the quality of Internal Audit reports, along with management's actions relating to findings and the closure of recommended actions.

Each year, a carefully targeted Internal Audit plan is 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 continue to be reviewed, with an agreement that external partners in both the UK and US would continue to be utilised.

The Head of Internal Audit & Risk:

- Attended all Audit & Risk 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 & Risk Committee Chair several times to carry out formal reviews of the Internal Audit function's resources, approach, and audit plan
- Managed the risk register review process
- Met privately with the Committee without management being present

The assessment of the Internal Audit team covered the Internal Audit findings and reporting, Internal Audit delivery including the Internal Audit plan and whether Internal Audit has sufficient, appropriate resources. In reviewing the effectiveness of Internal Audit, the Audit & Risk Committee considered:

- The results of internal audits and reporting thereof
- Ongoing communication between the Head of Internal Audit & Risk and the Audit & Risk Committee, including the private sessions held
- Self-assessment by the Head of Internal Audit & Risk
- Questionnaires and feedback from key stakeholders including Senior Management

Following assessment by the Committee during the year, the Audit & Risk Committee is satisfied that the Internal Audit team has the quality, experience, and expertise appropriate for the business.

The Group also has an operational audit, loss prevention and security team that reviews compliance with certain key internal procedures in showrooms and at other locations.

EXTERNAL AUDITOR

Interaction with external audit

One of the Committee's roles is to oversee the relationship with the External Auditor, Ernst & Young LLP (EY), and to evaluate the effectiveness of the service provided and their ongoing independence.

The External Auditor has attended all this year's Committee meetings and at each meeting has time with the Committee without management present. The Chair of the Audit & Risk Committee has also met with the external audit partner to review the audit scope and audit findings.

The Committee had regular open communication with the External Auditor as well as the Group's management.

Auditor independence and objectivity

During the year, the External Auditor reported to the Committee on their independence from the Group.

The Company's independence and objectivity are safeguarded by:

– A policy being in place which limits the nature of non-audit services
– The External Auditor's own internal processes to approve requests for non-audit work to the External Auditor
– Monitoring changes in legislation related to auditor independence and objectivity
– Rotation of the lead audit partner after five years
– Independent reporting lines from the External Auditor to the Committee
– Restrictions on the employment by the Group of employees of the External Auditor

The Committee and the Board are satisfied that EY has adequate policies and safeguards in place to ensure that the External 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 External 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.

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 statements – 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. 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.
Permissible non-audit services Including, but not limited to: – Work related to mergers, acquisitions, disposals, or circulars – Benchmarking services – Corporate governance advice	
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 EY during the financial year ending 30 April 2023 were limited to the Half Year Review. Fees in relation to these services were £63,050 (FY22: £54,000).

Competition and Market Authority (CMA) Order 2014 Statement of Compliance

Under CMA guidance, FTSE 350 companies are required to have held a tender for the external audit appointment within the last ten years. On Admission to the London Stock Exchange, in June 2019, the Audit & Risk Committee commenced a competitive audit tender for the financial year ending 26 April 2020. Full details of the tender process are included in the Annual Report and Accounts 2020.

EY was first appointed in 2019 after a competitive tender process. This means that FY23 represents EY's fourth year as the Company's External Auditor. Under UK legal requirements, the Company may retain EY as its External Auditor for 20 years.

The Group confirms that it was in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 during the financial year ended 30 April 2023.

EXTERNAL AUDITOR EFFECTIVENESS

It is the Committee's responsibility to assess the effectiveness of the external audit, including audit quality. The Committee assessed the External Auditor's effectiveness in September 2022 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 plan

The Committee discussed EY''s risk assessment and detailed audit plan in response to those risks. The proposed approach and planned scope of the audit were also reviewed including the proposed materiality. The Committee was satisfied that the audit plan was robust and covered the financial reporting risks. The Committee also considered the balance of work completed between the UK, US and European components along with recent acquisitions.

Proposed level of audit fees

The Committee reviewed and approved the proposed audit fees, which included a detailed breakdown of those fees. This review also considered the level of resources, senior leadership involvement and the use of specialist teams where appropriate. The Committee satisfied itself that the agreed amount represented fair value in order to deliver the quality and scale of audit sought.

Evaluation of the FRC's Audit Quality Inspection and Supervision Report on Ernst & Young LLP

The Committee reviewed the FRC's Audit Quality Inspection and Supervision Report for Ernst & Young LLP and also compared the results of the Auditor to other audit firms. EY presented to the Audit & Risk Committee their feedback on the findings and planned actions to respond to each of those findings. The Committee was satisfied with the outcome of this review.

The Committee also considered how the Auditor had responded to its previous assessments of audit quality.

Feedback from management and the Committee members

The Committee considers it important to gather feedback from management, particularly those who are in direct contact with the audit team. Management and Audit & Risk Committee members completed a questionnaire and the results were reviewed by the Committee. The questions covered the following areas:

- Mindset and culture
- Skills, character and knowledge
- Quality control
- Judgement

The feedback received was positive in all areas. Each year the External Auditor meets with management to review the audit process, obtain feedback and make recommendations for improvement in the following year's audit.

Interaction with the External Auditor

Throughout the year, the Committee worked closely with EY and was able to gather a good insight into the overall quality of the audit process and the performance of key individuals within the audit team. This interaction included private sessions with the External Auditor without management present and regular meetings between the Audit & Risk Committee Chair and the Audit Partner. The Committee also considered the quality of the reporting provided by the External Auditor throughout the audit process. This included the robustness and perceptiveness of the Auditors in handling key judgements, responding to questions from the Committee and in their commentary where appropriate on the systems of internal control.

The Committee considered the External Auditor's use of professional scepticism throughout the audit by examining areas in which the External Auditor had challenged Senior Management's assumptions. Particularly in relation to the key areas of judgement around the significant financial reporting areas, noted above, and the number and nature of accounting and control observations raised.

Based on these reviews, the Committee concluded that EY had applied appropriately robust challenge and scepticism throughout the audit, that it possessed the skills and experience required to fulfil its duties effectively and efficiently, and that the audit was effective.

Auditor reappointment

The Committee is responsible for considering whether there should be a rotation of the External Auditor in order to ensure continuing auditor quality and independence, including consideration of the advisability and potential impact of conducting a tender process for the appointment of a different External Auditor. The Committee is also responsible for recommending to the Board whether it should ask the shareholders to appoint, reappoint, or remove the External Auditor at the AGM.

In its oversight of the external audit, the Committee considered whether it would be appropriate to conduct an audit tender at this time. The Committee took into account:

- Its continued satisfaction with the quality and independence of EY's audit
- Any new External Auditor would need a transition period to develop sufficient understanding of the business given the Company's size and complexity
- Frequent changes of External Auditor would be inefficient and could lead to increased risk and the loss of cumulative knowledge
- A change in auditor would be expected to have a significant impact on the Company, including on the Company's finance function
- Any change in auditor should be scheduled to limit operational disruption

The Committee also considered EY's leadership and activities in the area of climate change. After due consideration the Committee determined it would not be appropriate to re-tender for the external audit at this time.

EY has expressed willingness to continue in its capacity as independent Auditor of the Company. The Committee has recommended to the Board the reappointment of the External Auditor for the 2024 financial year and the Directors will be proposing the reappointment of EY at the forthcoming AGM.

ROBERT MOORHEAD
CHAIR OF THE AUDIT & RISK COMMITTEE
12 July 2023

ESG COMMITTEE REPORT

ROSA MONCKTON MBE
CHAIR OF THE ESG COMMITTEE

MEMBERS

Rosa Monckton MBE (Chair)
Tea Colaianni
Ian Carter
Brian Duffy
Robert Moorhead
Chabi Nouri

PRINCIPAL RESPONSIBILITIES

The Committee's principal responsibilities are to:

– Provide oversight on behalf of the Board in relation to the Company's ESG Strategy including, Sustainability Strategy activities and performance
– Overseeing the ESG goals, targets and KPIs and provide accountability for their successful delivery
– Monitoring the Company's Sustainability Strategy to ensure that it is embedded into core business operations, stakeholders are engaged with it and progress against achieving related goals, targets and KPIs is monitored
– Make sure the Company monitors current and emerging ESG trends and adheres to relevant international standards and legal/regulatory/governance requirements
– Provide guidance and monitor actions and initiatives taken to prevent, mitigate and manage risks related to ESG matters which may have a materially adverse impact on the Company and its' stakeholders
– In collaboration with the Audit & Risk Committee, review key climate-related risks and opportunities and oversee mitigation strategies
– Receive reports and recommendations from the ESG Steering Group, key management stakeholders and subject matter experts
– Make recommendations to the Board in relation to the required resourcing and funding of ESG related activity
– Oversee the Company's public disclosures, regarding the Company's ESG strategy activities and performance, and review and monitor the Company's non-financial reporting with respect to ESG matters

DEAR SHAREHOLDER

It is my pleasure to present the ESG Committee Report for the financial year ended 30 April 2023.

I am delighted with the significant progress we are making across ESG, which is reflected in our MSCI ESG Rating of AAA, which was awarded in June 2023 following our inclusion into this leading global equity benchmarking index in November 2022.

During FY23, the ESG Committee continued to challenge and advise Senior Management on ESG matters and support the successful delivery of the Company's Long Range Plan and strategic initiatives. Additionally, the Committee focused on ensuring the Company's Purpose to WOW clients, while caring for colleagues, communities and the planet, remains at the core of its' business strategy and is considered in every decision-making process.

This report outlines the Committee's activities in support of these aims and how we have discharged the responsibilities delegated to the Committee by the Board.

I am joined on the ESG Committee by Ian Carter, Chair of the Board, and a majority of independent Non-Executive Directors, comprising Tea Colaianni, Robert Moorhead and Chabi Nouri. Brian Duffy, the Company's CEO, is also a member of the Committee and plays an instrumental role in integrating ESG matters into the Company's business strategy and Long Range Plan.

Biographies of Committee members, including details of their skills and experience, can be found on pages 130 to 131.

The Company Secretary & General Counsel acts as Secretary to the ESG Committee and other Senior Management and/or external advisers may attend by invitation, as appropriate, for all or part of meetings. This includes the CFO, the Head of Sustainability and ESG and the recently appointed Executive Director, Global Buying and Merchandising.

ROLE

The ESG Committee is a Board Committee and has the full support of the senior leadership team. It plays an active part in the development and delivery of the Company's Sustainability Strategy, by approving key decisions and providing accountability against goals, targets and KPIs.

The Committee supports the Audit & Risk Committee, playing an important role in monitoring climate-related goals and ensuring actions are taken to mitigate and manage identified risks and opportunities, by making sure they are embedded in the Company's risk management processes, financial decision-making and core business strategy.

The ESG Committee is responsible for ensuring that the Company's Sustainability Strategy is aligned with stakeholder expectations and best practice, and that it is both inspiring and achievable. We will continue to monitor the Company's performance and review our approach to environment, social and governance matters in FY24 to further enhance the Company's brands, create new business opportunities, help reduce costs, engage stakeholders and ultimately build a successful business that is sustainable over the long-term.

TERMS OF REFERENCE

The ESG Committee Terms of Reference set out the purpose and scope of the Committee. The document is available on our corporate website and is reviewed on an annual basis. In accordance with the Terms of Reference, the Committee met three times, during FY23, plus one meeting which was dedicated to training on climate issues and reporting regulations, and attendance records can be found on page 127.

The full Terms of Reference can be found at thewosgroupplc.com

PROGRESS

As previously reported, the Sustainability Strategy framework was agreed during FY22. This framework was developed further during FY23, with revised targets

KEY FOCUS/ACTIVITIES DURING THE YEAR

- Reviewed the ESG Committee Terms of Reference and recommended them to the Board for approval
- Approved and recommended to the Board, the Company's Sustainability Strategy and monitored progress against goals, metrics and targets in relation to the three strategic pillars of People, Planet and Product
- Benchmarked the Company's performance against sustainability rating agency reports along with the CDP questionnaire on climate change and approved an improvement plan across ESG
- Received external training from third party environmental experts, EcoAct, to stay up to date with best practice in relation to the governance of climate-related risks and opportunities
- In conjunction with the Audit & Risk Committee, reviewed the Company's progress against recommendations by the Task Force on Climate-related Financial Disclosures (TCFD)
- Reviewed and approved a Supply Chain Engagement Strategy, including the development and dissemination of new ESG Partner Standards
- Reviewed the Company's supply chain management due diligence procedures, including third party factory audits
- Approved activity to highlight the sustainable attributes of luxury watches and jewellery
- Reviewed the Company's non-financial reporting with respect to ESG matters
- Key documents recommended to the Board for approval included the Modern Slavery Statement, Supply Chain Policy, Environmental Policy, Vendor Code of Conduct and Supplier Engagement Standards

> "An ESG Steering Group was established to strengthen the governance of ESG matters and to oversee the development of a roadmap to deliver a cohesive Sustainability Strategy that delivers long-term value for all."
>
> ROSA MONCKTON MBE
> CHAIR OF THE ESG COMMITTEE

and metrics being presented to the ESG Committee and approved. At the Board Strategy Day held in March 2023, these targets and metrics were incorporated into the Sustainability Strategy framework within the revised strategic pillars of People, Planet and Product and were subsequently approved.

As well as monitoring the robustness of the Group's ESG governance frameworks, the Committee scrutinises the development and implementation of changes in processes and practices and ensures compliance with legislative and regulatory standards.

The ESG Committee is supported by an ESG Steering Group, chaired by the CFO. The Steering Group is made up of members of Senior Management, who each have formal operational responsibility for the management of relevant environmental, social and governance issues. The ESG Steering Group acts under a separate Terms of Reference and reports progress towards the development, implementation and delivery of the Company's sustainability strategy into the ESG Committee.

The Committee closely monitors best practice and benchmarks the Company's ESG performance against peers to drive continual improvement. One of the ways we are measuring our environmental performance is through the CDP questionnaire on climate change, which we participated in for the first time in May 2022.

Further details on our approach to ESG and our Sustainability Strategy can be found on pages 56 to 61.

STAKEHOLDER ENGAGEMENT

The ESG Committee welcomes feedback from all stakeholders to ensure their interests are represented in the ongoing development of the Company's Sustainability Strategy and approach to ESG matters.

Colleagues choose to share their thoughts through a variety of channels, including Colleague Listening Forums, which I attend, 'Workplace' - the interactive digital Group engagement platform, the annual Colleague Engagement Survey or directly via email.

The Company responds to sustainability rating agency questionnaires received on behalf of investors and facilitates meetings and roadshows to enable Investors to ask questions. During the year, the Group Head of Sustainability ESG and Director of Investor Relations and Corporate Affairs met with key investors and their feedback was largely positive, particularly in relation to the direction of the Sustainability Strategy and enhanced reporting.

The Head of Sustainability and ESG regularly updates the ESG Committee with key external drivers and stakeholder sentiment and it is also kept up to date with supplier engagement activities to support the promotion of shared sustainability goals and ensure due diligence. In FY23, the Company focused on engaging supplier partners with the Company Purpose and strategic goals. This led to the development of comprehensive ESG Partner Standards, which were approved by the ESG Committee in March 2023 and form the basis of ongoing supplier engagement. All watch and jewellery suppliers have received the ESG Partner Standards and in FY24 the Company will continue to engage all supplier partners with these standards.

OUTLOOK

As we enter FY24, the ESG Committee continues to hold itself accountable for the successful delivery of the Company's Sustainability Strategy and remains absolutely committed to operating transparently in its role to safeguard against risk and support sustainable business practices across the Group for the benefit of all.

Further information on the work of the Committee and the progress being made by the Group can be found on pages 56 to 61.

ROSA MONCKTON MBE
CHAIR OF THE ESG COMMITTEE
12 July 2023

REMUNERATION COMMITTEE REPORT

TEA COLAIANNI
CHAIR OF THE REMUNERATION COMMITTEE

Members	Independent	No. of meetings attended
Tea Colaianni (Chair)	✓	3/3
Ian Carter	✓	3/3
Rosa Monckton	✓	2/3
Robert Moorhead	✓	3/3

Rosa Monckton was unable to attend one of the Committee meetings due to COVID-19. Rosa received the papers in advance of the meeting and had provided comments to the Chair beforehand.

The Remuneration Committee's Terms of Reference at:
thewosgroupplc.com

DEAR SHAREHOLDER

On behalf of the Remuneration Committee, I am pleased to present the Group's Remuneration Committee Report.

FY23 business performance highlights

FY23 was another record year of revenue and profitability for the Group and our strong FY23 performance is testament to our proven business model. Notwithstanding the economic backdrop, following two years of exceptional performance, we have paved the way for our continued success as we deliver on our Long Range Plan objectives. We are confident in our goals to maintain our leadership position in the UK, become the clear leader in the US and capitalise on our growth potential in Europe. Some key highlights from FY23 are as follows:

- Revenue increased +25% to £1,542.8 million
- Adjusted EBIT[1] increased +27% to £165.1 million
- Operating profit increased +26% to £178.6 million
- Return on Capital Employed[1] increased by 50 bps from 27.4% to 27.9%

I would like to thank all colleagues for their continued hard work and dedication this year.

KEY COMMITTEE ACTIVITIES IN FY23

In addition to its usual activities, key areas of focus for the Committee in FY23 have been:

- Enhancing the ESG underpin on the annual bonus to ensure that it is sufficiently robust and measurable
- Agreeing the remuneration for the new CFO and the leaving arrangements for the outgoing CFO

Further detail on how the Committee spent its time in FY23 can be found on page 158.

APPLICATION OF THE REMUNERATION POLICY IN FY23

I have summarised below the application of the Remuneration Policy in FY23.

Base salary/fee increases in FY23

The annual salary review process took place in October 2022, in line with our normal review timing. The overall salary budget for the Group was set with the focus being on providing the largest increases to those colleagues on the lowest incomes. The UK salary review saw an increase of 5% for our lowest paid colleagues and an increase of 3% for mid-level managers. The salary review in the US saw an increase of 3% for both Support Centre and Retail colleagues.

The Committee also reviewed the salary levels for Senior Management and, where appropriate, some salary adjustments were approved.

The CEO and CFO elected not to receive an increase in base salary. The CEO's base salary has not increased since he joined the Company in 2014.

Chair and Non-Executive Director fees were also reviewed in December 2022. There has been no increase in respect of the individual fee components.

Annual bonus outturn for FY23

The Executive performance target for the FY23 annual bonus was based on Adjusted EBIT[1]. Reflecting strong performance in the year, actual Adjusted EBIT[1] achieved was £165.1 million, which is mid-way between 'target' and 'maximum' performance resulting in a outcome of 75% of maximum.

1 This is an Alternative Performance Measure. Refer to Glossary on pages 230 to 232 for definitions and reconciliation to statutory measures.

As disclosed in last year's report, the Remuneration Committee assessed the appropriateness of the FY22 annual bonus outcome in light of broader factors including performance against ESG goals and the experience of our colleagues, clients and shareholders in the year. The factors considered by the Committee when determining the FY23 bonus outcome were:

- **ESG** – We made good progress in establishing our ESG Strategy and building the governance framework around this strategy such as the ESG Partner Standards and our commendation for near-term carbon strategy by the Science Based Targets institute (SBTi)
- **Colleagues** – We have maintained strong engagement with our colleagues. Both our engagement score and inclusion score for the year were 81%. We have also taken steps to protect and support lower paid employees in light of the cost-of-living crisis as outlined on page 158
- **Clients** – We have retained strong levels of client satisfaction through mystery shops and showroom reviews and have a strong NPS of over 80%
- **Communities** – We have continued our support of The Watches of Switzerland Group Foundation and increased volunteering hours by 13%

Overall, the Committee considered that progress against our ESG Strategy has been robust and the shareholder and wider stakeholder experience has remained strong and concluded that the proposed FY23 bonus payout is appropriate. Therefore, no discretion to reduce the outcome was exercised and the Executive bonus will pay out at 75% of maximum. The CEO intends to donate £250,000 of his annual bonus to The Prince's Trust.

Full details on the performance outturn against the targets are shown in the 'At a Glance' section on page 162.

LTIP awards vesting in FY23

For the LTIP grants awarded in September 2020, we introduced a Return on Capital Employed (ROCE) measure, whereby 20% of the award vests by reference to a three-year average ROCE. The remaining 80% of the award vests by reference to a three-year cumulative Adjusted EPS performance measure.

The performance targets were set taking into account internal and external expectations of performance at the time. The business has delivered strong performance over the three-year performance period, resulting in Cumulative Adjusted EPS of 118.3p and three-year average ROCE of 25.0%, therefore 100% of the LTIP award is due to vest in September 2023. The award will be subject to a 24-month holding period.

FY24 IMPLEMENTATION OF REMUNERATION POLICY

Board changes

As announced on 3 May 2023, Bill Floydd stepped down as CFO with effect from 12 May 2023 and is due to remain in employment with the Company until 3 November 2023, during which time he will be available to support a handover to our returning CFO, Anders Romberg. Bill will continue to receive his base salary, benefits and pension allowance until he ceases employment with the Company. Bill was in employment for the full financial year and will receive the cash portion of his FY23 annual bonus. He will not receive the deferred share portion of the FY23 annual bonus. Bill remains eligible to retain his deferred shares awarded in respect of the FY22 annual bonus, which is due to vest in July 2025, and the second tranche of his buy-out award, which was performance tested by his previous employer, and is due to vest in October 2023. Bill will comply with our post-employment shareholding guideline policy for a period of two years following stepping down from the Board. He will not be eligible for any bonus for FY24 and will forfeit his outstanding LTIP awards (granted on 17 February 2022 and 14 July 2022) along with his final outstanding buy-out award which was due to vest in December 2023.

Further details on Bill's leaving arrangements can be found on page 169 and on our Company website thewosgroupplc.com.

Anders Romberg, who previously served as the Group's CFO for seven years from 2014 to January 2022, was reappointed as CFO effective from 12 May 2023. Anders was appointed on a remuneration package in line with Bill's and within the limits set out in the Company's Remuneration Policy. Anders chose to opt out of the 3% pension allowance and car allowance. The key elements of his remuneration package are set out below:

- Base salary: £380,000
- Annual bonus opportunity: 125% of base salary
- LTIP opportunity: 175% of base salary

Base salary/fee increases for FY24

Salary reviews for all colleagues in the Support Office are scheduled to take place in October 2023 and the Retail colleague review will be in April 2024. To the extent that there are increases, the Executive Directors will receive no more than the same percentage increase as the wider workforce. Non-Executive Director fees will be reviewed in December 2023.

Annual bonus for FY24

The annual bonus will be determined in line with the normal cycle. For FY24, the annual bonus will continue to be based 100% on Adjusted EBIT.

Reflecting the focus throughout the Group on achieving the Company's ESG objectives, the Committee has enhanced the underpin introduced last year to ensure that it is sufficiently robust and measurable. At year end, the Committee will review a dashboard setting out performance against our five main ESG pillars: Net-Zero, Circular Economy, Responsible Resourcing, People and Communities. The main areas of focus for FY24 are anticipated to be:

- Colleague engagement
- Diversity and inclusion metrics
- Delivery of Modern Slavery metrics
- Continued support of The Watches of Switzerland Group Foundation
- Volunteering hours
- Scope 1 and 2 emissions
- Scope 3 emissions
- Keeping luxury watches in circulation through repairs, servicing and pre-owned sales

This ESG dashboard will inform the Committee's decision of whether or not to apply a downwards adjustment of up to 10% to the formulaic FY24 annual bonus outcome in order to take into account the wider ESG performance of the Group. Key factors considered by the Committee will be disclosed retrospectively in next year's report, in line with best practice.

LTIP awards to be granted in FY24

The Committee has determined that LTIP grants will be made in line with the normal cycle of being awarded following the announcement of the FY23 results. No changes are proposed to the LTIP award levels and these will continue to be 200% of base salary for the CEO and 175% of base salary for the CFO. In line with last year's grant, the LTIP measures will be based on a three-year cumulative Adjusted EPS and three-year average ROCE with weightings of 80% and 20% of maximum respectively. ROCE is a Key Performance Indicator (KPI) and measures the efficiency with which the Group is able to utilise its capital. Strong ROCE performance combined with continued growth in earnings is critical in ensuring the successful execution of our long-term strategy and growth ambitions.

The Company is currently reviewing the Long Range Plan and the targets for FY24 will therefore be determined later in the year, so that they remain appropriate in the context of our long-term strategic ambitions. The targets will be disclosed as part of the RNS detailing the Executive Directors awards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS

Wider workforce considerations and helping our employees with the cost-of-living crisis

The Watches of Switzerland Group always strives to be an organisation that is inclusive, rewarding and fair to all colleagues. It is the unwavering commitment from our colleagues that has driven our strong performance throughout the financial year. During this time, the Committee has been acutely aware of the challenges our colleagues have been facing because of the current inflationary environment. As a result, the overall salary budget for the Group was set with the focus being on providing the largest increases to those colleagues on the lowest incomes. The UK Support Centre salary review saw an increase of 5% for our lowest paid colleagues and an increase of 3% for mid-level managers. This year, and following our Retail colleague pay review in April 2023, we are proud to state that we pay the Real Living Wage to all colleagues in the UK and above state minimum in all US states.

Following the success of our first colleague Listening Forums in the UK and US at the start of 2021, we again held Listening Forums in FY23. At these forums we gather views on a wide range of issues, including remuneration. Specifically, at the Listening Forum held in September 2022, attended by Rosa Monckton in her capacity as the Designated Non-Executive Director for Workforce Engagement, representatives were invited to provide feedback on additional benefits that colleagues would value, outside of base pay. As a result of this exercise, we improved our maternity pay in the UK to support new families. In the UK, we also launched the Watches of Switzerland Group Support Fund, which provides financial support by way of a loan for those most impacted by the cost-of-living crisis. This has been utilised by a number of our colleagues and we are pleased to have provided assistance and support to those who requested help. We will continue to monitor this area and make adjustments as necessary.

Engagement with shareholders

I would like to take this opportunity to thank our shareholders for their support for our Directors' Remuneration Report and our new Directors' Remuneration Policy at our 2022 AGM which received over 97% and 98% of votes cast in favour respectively. We have engaged with shareholders and their representatives in recent years as we have developed our approach to remuneration at the Group and have always received valuable insight and feedback.

In conclusion

The remainder of the Remuneration Report is split into four parts:

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 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.

At a Glance section

The 'At a Glance' section provides a summary of the payments made to the Executive Directors during FY23.

Summary of Directors' Remuneration Policy

This section summarises the Directors' Remuneration Policy approved by shareholders at the 2022 AGM, along with details of how we propose to implement the Policy during FY24.

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.

I hope that you will find this year's report clear, transparent and informative. If you wish to discuss any aspect of this Remuneration Report, I would be happy to hear from you. You can contact me through our Company Secretary & General Counsel, Laura Battley. I will also be available at the Company's AGM on 31 August 2023 to answer any questions.

On behalf of the Remuneration Committee and the Board.

TEA COLAIANNI
CHAIR OF THE REMUNERATION COMMITTEE
12 July 2023

HOW THE REMUNERATION COMMITTEE SPENT ITS TIME IN FY23

The following sets out the main items considered by the Remuneration Committee during the year.

Key agenda items

- Agreeing remuneration of new CFO and leaving arrangements for the outgoing CFO
- Approving a robust ESG underpin for the FY24 annual bonus
- Approving the Directors' Remuneration Report for FY22
- Approving the formulaic outcomes under the FY22 bonus, taking into account the considerations of wider stakeholders
- Reviewing and approving the performance measures for the FY23 bonus plan to ensure alignment with strategic objectives and shareholder interests
- Granting awards under the LTIP and measures for the FY23 LTIP grant
- Receiving reports and advice from advisers on a range of matters including senior executive pay, market themes and trends and updated proxy adviser and institutional investor guidance
- Reviewing wider workforce remuneration
- Preparation of the CEO pay ratio

As a Remuneration Committee, it is our responsibility to make decisions which support the Group's long-term business strategy, and which align with the Group's culture and values. We must balance this with our desire to reflect best practice remuneration and high standards of corporate governance. We maintain an ongoing dialogue with shareholders and proxy advisers to understand their views. We recognise that executive remuneration is an area of public interest and we have worked hard to ensure that full transparency has been provided in this year's Directors' Remuneration Report on the Group's remuneration practices.

FAIRNESS, DIVERSITY AND WIDER WORKFORCE CONSIDERATIONS

As part of our commitment to fairness, openness and inclusivity, as in previous years, we have included this dedicated section to provide more information on our communication with colleagues, our remuneration principles and wider workforce pay conditions.

COMMUNICATIONS WITH EMPLOYEES

We have a number of channels where colleagues' views on remuneration can be captured. For example, colleagues are able to talk about pay matters at the Company's Listening Forums and express their views through the Company's Colleague Engagement Surveys. We are committed to giving our colleagues a voice and they have always had the opportunity to interact with our Directors. We have a dedicated Designated Non-Executive Director for Workforce Engagement, Rosa Monckton, responsible for gathering our colleagues' views and presenting these to the Board.

How we engaged with colleagues in FY23					
Regional Listening Forum meetings and our Global Listening Forum	Consultation with our Listening Forum members and other colleague groups	Engagement surveys and understanding what matters to our colleagues	Innovative and accessible communication portals including Workplace	Colleague engagement and input to new office environment and new ways of working	Visits to showrooms by the Chair of the Board and other Board members

Rosa Monckton, our Designated Non-Executive for Workforce Engagement, is co-Chair of the UK and Global Listening Forums. We held four regional Listening Forums and one Global Listening Forum in April 2023, all of which are attended by Senior Management including David Hurley, President North America & Deputy CEO, and Craig Bolton, President UK & Europe.

REMUNERATION COMMITTEE REPORT

A process was introduced in 2020, which enables the Remuneration Committee to, annually, 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. When conducting its review, the Remuneration Committee is paying particular attention to:

– Whether the element of remuneration is consistent with the Company's remuneration principles

– If there are differences, whether they are objectively justifiable

– Whether the approach seems fair and equitable in the context of other employees

Once the Remuneration Committee has conducted its review of the wider workforce remuneration and incentives, it will consider the approach applied to the remuneration of the Executive Directors and Senior Management. In particular, the Remuneration Committee is focused on whether the approach to the remuneration of the Executive Directors and Senior Management is consistent with that applied to the wider workforce.

The Remuneration Committee remains satisfied that the approach to remuneration across the Group is consistent with the Company's principles of remuneration. Furthermore, in the Remuneration Committee's opinion the approach to executive remuneration aligns with the wider Company pay policy and there are no anomalies specific to the Executive Directors.

The following table sets out a summary of the information received by the Remuneration Committee on the Group's remuneration structure:

Element of remuneration	Overview of practice at the Watches of Switzerland Group PLC
Alignment with remuneration principles	The Group's remuneration principles are designed to enable fair and flexible reward structures to be developed and implemented across the entire organisation. We continue to review and redesign our policies in line with this principle.
Salary	Salaries are set to reflect the market value of the role, and to aid recruitment and retention. Remuneration for all UK colleagues is above the Real 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 normally awarded annually following the Company's main pay review and are typically between 2% and 3%. This year, our Support Centre pay review delivered the largest increases to those on the lowest incomes and the UK salary review saw an increase of 5% for our lowest paid colleagues and an increase of 3% for mid-level managers. The UK retail pay review focused on entry level salaries which we increased to ensure that we pay Real Living Wage to all colleagues. Colleagues who were not impacted by new starter rates in retail received a 4.5% increase. Typically, the Executive Directors will receive no more than the same percentage increase as the wider workforce. The US saw pay increases of 3% to Support and Retail colleagues. From time to time, ad hoc pay reviews are conducted in order to make market or inflationary adjustments and ensure the Company's targeted living wage differential is maintained.
Annual variable pay	All Watches of Switzerland Group colleagues are entitled to earn variable pay linked to stretching performance targets: **Annual Bonus Plan** Subject to service and eligibility, our colleagues in support functions participate in the Company's Annual Bonus Plan and are rewarded based on financial performance measured using Adjusted EBIT[1]. As outlined on page 157 we have enhanced the ESG underpin that will apply to the annual bonus for FY24. 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 and Europe or the US operations, bonuses are based 100% on the performance of the business in the relevant country – For certain business unit roles or regional roles, 50% of bonus is based on local performance (e.g. UK/US) and 50% is based on the performance of the relevant business unit In line with market practice, the bonus quantum and the question of whether it is paid solely in cash or in a mixture of cash and deferred shares depends on the level of seniority of the employee. Bonuses to eligible colleagues are normally paid in July. **Sales commission plans** A range of plans exist for our retail team members which reflect the size and complexity of the showrooms. Targets can be based on individual objectives for larger showrooms or team-based objectives for smaller showrooms. The majority of these plans are paid monthly and biannually. We review these schemes periodically to ensure they adhere to our reward principles and support good client outcomes.
LTIP	The LTIP is currently available to Executive Directors and Senior Management. LTIP awards are granted annually. Malus and clawback provisions are in place. The vesting period is three years and all LTIP participants are subject to an additional two-year holding period. Eligible colleagues and details of award opportunity are set out below:

Level	No. of eligible colleagues	Targeted ranges (% of salary)
Group CEO	1	200%
Group CFO	1	175%
Senior Management	18	20 - 80%

1 This is an Alternative Performance Measure. Refer to Glossary on pages 230 to 232 for definitions and reconciliation to statutory measures.

Element of remuneration	Overview of practice at the Watches of Switzerland Group PLC
Pension	The Company operates a UK 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. The CEO and our returning CFO appointed from 12 May 2023 (Anders Romberg) waive their employer pension contributions. 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. We offer an employer pension in all countries in Europe excluding Germany.
Benefits	We offer a suite of benefits across the Group, which are designed to be appropriate for different roles and functions and countries. These include health insurance (for all US colleagues and some UK and Europe colleagues), and in the UK, season ticket loans, a cycle to work scheme, a Health Cash Plan and enhanced maternity pay. Life cover is offered to varying degrees depending on grade and region. We operate an Employee Assistance Programme (EAP) in the UK, US and Europe. This is intended to help employees deal with any personal problems that may adversely impact their work performance, health and/or wellbeing and financial support. All of our employees are entitled to staff discounts, subject to the rules of the relevant schemes.
All-employee share schemes	Our colleagues are able to participate in our employee sharesave schemes in the UK and US which operates every two years.

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 Real Living Wage in the UK. We have implemented interim reviews for relevant groups of colleagues when deemed necessary to guarantee compliance with the legislation, and to ensure that our pay rates remain competitive with those of our main competitors.
Recognition and celebration	Our award-winning UK recognition programme, VibE, provides all colleagues with the ability to recognise and celebrate achievements across the employee population instantly via a digital platform. Workplace, our internal community based social platform, provides Company news, and enables our colleagues to recognise and celebrate achievements across the Group.
Development opportunities	We are proud of our wide range of training and development programmes in the UK, US and Europe, and we work closely with our brand partners to ensure that our colleagues are true experts in our category. Our elearning modules make learning and personal development accessible to all.
Equal opportunities and diversity initiatives	The Company is committed to an active Diversity & Inclusion Policy from recruitment and selection to training and development, performance reviews and promotion. All decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. The Company is responsive to the needs of its colleagues, clients and the community. We are an organisation that seeks to make use of everyone's talents and abilities, and where diversity is valued. The Company ensures that its promotion and recruitment practices are fair and objective and encourages the continuous development and training, as well as the provision of equal opportunities for the training and career development of all colleagues. Further details of this are shown on page 66.

GENDER PAY

UK legislation requires employers with more than 250 employees to disclose information on their gender pay gap on an annual basis. We have published our sixth disclosure of the pay gap based on amounts paid in the April 2022 payroll. The bonus gap was based on incentives paid in the year to 31 March 2022.

The mean gender pay gap at the Group is 21%, compared to 25% last year. The median bonus gap at the Group is 40%, compared to 32% last year. Whilst there is still a way to go, we are encouraged by the result. 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.

AT A GLANCE

REMUNERATION PRINCIPLES

Our reward strategy is designed to support and reinforce our purpose and values, and to reward all of our colleagues for delivering against our strategic objectives. The remuneration principles that we have developed across the Group are cascaded throughout the organisation.

Current Directors' Remuneration Policy	
Fixed	**Salary** Reflects the value of the individual, their role, skills, experience and contribution to the business
	Benefits Aligned with all other colleague arrangements
	Pension Alignment of employer pension contributions with the wider workforce at 3%. The CEO and our newly appointed CFO waive their pension contribution.
Variable	**Annual Bonus Plan** Incentivises achievement of annual objectives and aligns Director and shareholder interests by delivering one-third in deferred shares
	LTIP Provides alignment with shareholders and motivates key individuals to achieve long-term targets and deliver sustainable performance

WHAT IS THE LINK TO COMPANY STRATEGY?

The following diagram shows the link between our Remuneration Policy and our strategy through looking at our KPIs, which measure the successful implementation of that strategy and the performance conditions we use for our incentive plans. Our FY23 performance against our KPIs is also shown below:

KPIs

REVENUE
£1,542.8m
FY22: £1.238.0M

ADJUSTED EBIT
£165.1m
FY22: £130.3M

RETURN ON CAPITAL EMPLOYED
27.9%
FY22: 27.4%

OPERATING PROFIT
£178.6m
FY22: £142.1M

ADJUSTED EPS
52.7p
FY22: 41.8P

CASH GENERATED FROM OPERATIONS
£239.2m
FY22: £186.6M

BONUS PLAN

Performance condition: 100% based on Adjusted EBIT

Reflects the successful delivery of a number of KPIs: Revenue, Adjusted EBIT[1] subject to an ESG underpin, which can reduce the bonus up to 10% taking into account progress against our ESG Strategy

LTIP

Performance conditions: Adjusted EPS (80%) and Return on Capital Employed (20%)

Reflects the successful delivery of a number of KPIs over the longer term: Revenue, Adjusted EBIT[1], Adjusted EPS[1], Return on Capital Employed[1]

1 This is an Alternative Performance Measure. Refer to Glossary on pages 230 to 232 for definitions and reconciliation to statutory measures.

REMUNERATION IN RESPECT OF FY23

Total compensation			
Brian Duffy (CEO)		**Bill Floydd (CFO)**	
Salary:	£500,000	Salary:	£380,000
Taxable benefits:[1]	£24,893	Taxable benefits:[1]	£37,837
Annual bonus:[2]	£562,500	Annual bonus:[2]	£237,500
LTIP:[3] – Value at grant: – Share price appreciation:	£2,554,329 £1,000,000 £1,554,329	LTIP:[3]	–
Pension:[4]	–	Pension:[4]	£11,400
Total:	**£3,641,722**	**Total:**	**£666,737**

1 Taxable benefits include one or more of private healthcare, accommodation when attending different offices, company car (including private fuel) or a car allowance.

2 In the current year, the CEO earned £375,000 in cash and £187,500 in deferred shares, and the CFO earned £237,500 in cash only.

3 The FY21 LTIP award vested at 100% of maximum and a two-year holding period applies following vesting. Of the total amount, £1,554,329 for the CEO reflects the share price appreciation in the period since grant. There was no discretion exercised in respect of the awards. The FY21 LTIP award has been valued based on the three month average share price to year end of £8.17.

4 No Director has a prospective entitlement to receive a defined benefit pension.

For further detail refer to page 166.

ANNUAL BONUS OUTCOMES IN FY23 (AUDITED)

Performance condition	Weighting	Threshold performance required (20% of max bonus)	Target performance required (50% of max bonus)	Maximum performance required (100% of max bonus)	Actual performance	Percentage of maximum performance achieved	Bonus value achieved	
							Brian Duffy	Bill Floydd
Adjusted EBIT	100%	£153	£161	£169	£165m	75%	£562,500 (112.5% of salary)	£237,500 (62.5% of salary)

For further detail refer to page 167.

LTIP OUTCOMES IN FY23

The LTIP awards granted in FY21 were based 80% on three-year cumulative EPS and 20% on three-year average ROCE performance.

As a result of EPS and ROCE performance over the three-year performance period, 100% of the LTIP award is due to vest in September 2023. A two-year holding period will apply following vesting.

Performance condition	Weighting	Threshold performance required (20% of max LTIP)	Target performance required (60% of max LTIP	Maximum performance required (100% of max LTIP)	Actual performance	Vesting level
Cumulative Earnings Per Share	80%	63.2p	66.5p	69.8p	118.3p	100%
ROCE	20%	15.5%	16.0%	16.5%	25.0%	100%

For further detail of the performance outcomes refer to page 167.

SUMMARY REMUNERATION POLICY

The below table sets out a summary of our Remuneration Policy for Executive and Non-Executive Directors, as approved by shareholders at the AGM on 1 September 2022, as well as its proposed implementation for FY24. Our full Remuneration Policy can be found in our Annual Report and Accounts 2022.

The Policy has been tested against the six factors listed in Provision 40 of the UK Corporate Governance Code 2018 (the Code):

Clarity

– The Remuneration Policy sets out clearly the basis for any payments and the terms of the incentive arrangements operated

– The performance conditions used for the Annual Bonus Plan and Long Term Incentive Plan are based on the Group's KPIs ensuring direct alignment between the successful implementation of the strategy and the reward provided to the Executive Directors

Simplicity

– The incentive plans are in line with standard UK market practice and therefore should be familiar to all stakeholders

Risk

– Setting defined limits on the maximum awards which can be under the Annual Bonus Plan and the Long Term Incentive Plan

– Requiring the deferral of a substantial proportion of the incentives in shares for a material period of time

– Aligning the performance conditions for incentives with the strategy of the Company

– Ensuring a focus on sustainable performance through the Long Term Incentive Plan and shareholding guidelines as well as post-employment shareholding requirements

– Ensuring there is sufficient flexibility to adjust incentive payments through malus and clawback

– Ensuring an overriding discretion to depart from formulaic outcomes under the Incentives

These features mitigate against the inherent risk of incentives creating the wrong behaviours by:

– Limiting the maximum value that can be earned

– Deferring a significant proportion of the value earned in shares, for the long-term which helps ensure that the performance earning the award was sustainable and thereby discouraging short-term behaviours

– Aligning any reward to the agreed strategy of the Company

– Focusing the Long Term Incentive Plan on sustainable performance over the longer term

– Reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate

– Reducing the awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Group

Predictability

– The Remuneration Policy clearly sets out the potential rewards available to the Executive Directors depending on the performance achieved. In addition, all the safeguards set out in the Risk section are disclosed as part of the Remuneration Policy

Proportionality

– The Company's incentives clearly reward the successful implementation of the strategy and, through deferral and measurement of performance over a number of years, ensure that the Executive Directors have a strong drive to ensure that the performance is sustainable over the long-term. The Committee has overriding discretion to depart from the formulaic outcomes under the incentive plans if they do not reflect underlying business performance or the experience of stakeholders which mitigates the risk of reward for poor performance

Alignment to culture

– A key tenet of the Group's culture is a focus on ensuring long-term sustainable performance. This is reflected in the type of performance conditions used in the incentive plans

SUMMARY REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

Element	Operation and opportunity	Implementation for FY24
Fixed pay		
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.	The Executive Directors elected not to receive a salary increase with effect from October 2022 with the salary budget focused on providing increases to lower paid workers. Base salary levels for FY24 are therefore: – CEO: £500,000 (no change) – CFO (Anders Romberg from 12 May 2023): £380,000 (no change from previous incumbent) Salary reviews for all colleagues will take place in FY24. To the extent that there are increases, the Executive Directors will receive no more than the same percentage increase as the wider workforce.
Benefits	Market standard benefits including (but not limited to) company car, private health insurance and life insurance.	The returning CFO has chosen to waive his car allowance.
Pension	Maximum value of the employer pension contribution allowance is in line with the majority employee contribution (currently 3% of salary).	The CEO and the new CFO have chosen to waive their employer pension contributions.

Element	Operation and opportunity	Implementation for FY24
Variable pay		
Annual Bonus Plan	– Maximum opportunity of 150% of salary (CEO) and 125% of salary (CFO) – 20% of the maximum bonus pays out for threshold performance, with 50% paying out for on-target performance and 100% paying out for maximum performance – 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 – Measures may include financial or non-financial measures, however at least 50% of the awards will be linked to financial measures	No change to maximum opportunity. For FY24, the annual bonus will be based 100% on Adjusted EBIT. Reflecting the focus throughout the Group on achieving the Company's ESG objectives, the Committee has enhanced the underpin introduced last year to ensure that it is sufficiently robust and measurable. At year-end the Committee will review a detailed dashboard setting out performance against our five main ESG pillars: Net-Zero, Circular Economy, Responsible Resourcing, People and Communities. The main areas of focus for FY24 are anticipated to be: – Colleague engagement – Diversity and inclusion metrics – Delivery of Modern Slavery metrics – Continued support of The Watches of Switzerland Group Foundation – Volunteering hours – Scope 1 and 2 emissions – Scope 3 emissions – Keeping luxury watches in circulation through repairs, servicing and pre-owned This detailed ESG dashboard will inform the Committee's decision of whether or not to apply a downwards adjustment of up to 10% to the formulaic FY24 annual bonus outcome in order to take into account the wider ESG performance of the Group. Key factors considered by the Committee will be disclosed retrospectively in next year's report, in line with best practice.
Long Term Incentive Plan	– Maximum opportunity of 200% of salary (CEO) and 175% of salary (CFO). – A two-year holding period will apply following the three-year vesting period. – Where material changes are made to LTIP performance conditions, it would be the Committee's intention to consult with shareholders.	No change to maximum opportunity. The LTIP Awards will continue to be based 80% on three-year cumulative Adjusted EPS and 20% on three-year average ROCE. The Company is currently reviewing the Long Range Plan and the targets for FY24 will therefore be determined later in the year, so that they remain appropriate in the context of our long-term strategic ambitions. The targets will be disclosed as part of the RNS detailing the Executive Directors awards.
Shareholding requirements	– 200% minimum shareholding requirement which can be built up within five years of appointment. – Executive Directors required to hold 100% of their pre-cessation shareholding requirement for 24 months from the date they step down from the Board.	No change.

SUMMARY REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS (NED)

Element	Operation and opportunity	Implementation for FY24	
Company Chair and Non-Executive Director fees	– Non-Executive Directors are paid an annual fee and additional fees for Chairship of committees, the role of Senior Independent Director and membership of Committees – Fees reflect responsibilities and time Commitments for the role – The Chair does not get any additional fees for Committee membership	The Chair and NED fees were not increased during the year. Fees for FY24 are therefore as follows:	
		Chair	£190,000 (no change)
		NED base fee	£50,000 (no change)
		Senior Independent Director fee	£10,000 (no change)
		Committee Chair fee	£10,000 (no change)
		Audit & Risk Committee, Remuneration Committee, ESG Committee membership fee	£5,000 (no change)
		Nomination Committee membership fee	£2,500 (no change)

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 FY23. 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[1] £	Bonus[2] £	LTIP[3] £	Pension[4] £	Other[5] £	Total £	Total fixed remuneration £	Total variable remuneration £
Executive Directors										
Brian Duffy	FY23	500,000	24,893	562,500	2,554,329 1,000,000 * 1,554,329**	–	n/a	3,641,722	524,893	3,116,829
	FY22	500,000	23,281	750,000	3,274,07 999,999 * 2,274,072**	–	n/a	4,547,352	523,281	4,024,071
Bill Floydd	FY23	380,000	37,837	237,500	0	11,400	–	666,737	429,237	237,500
	FY22	126,667	5,989	158,333	0	3,800	48,891	343,680	136,456	207,224
Non-Executive Directors[6]										
Ian Carter	FY23	190,000	8,688	n/a	n/a	n/a	n/a	198,688	198,688	n/a
	FY22	190,000	6,752	n/a	n/a	n/a	n/a	196,752	196,752	n/a
Tea Colaianni	FY23	82,500	1,349	n/a	n/a	n/a	n/a	83,849	83,849	n/a
	FY22	81,667	–	n/a	n/a	n/a	n/a	81,667	81,667	n/a
Robert Moorhead	FY23	72,500	–	n/a	n/a	n/a	n/a	72,500	72,500	n/a
	FY22	71,667	–	n/a	n/a	n/a	n/a	71,667	71,667	n/a
Rosa Monckton	FY23	72,500	–	n/a	n/a	n/a	n/a	72,500	72,500	n/a
	FY22	70,833	–	n/a	n/a	n/a	n/a	70,833	70,833	n/a
Chabi Nouri[7]	FY23	59,167	4,693	n/a	n/a	n/a	n/a	63,860	63,860	n/a
	FY22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

*Value at grant ** Share price appreciation

1 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.

2 The annual bonus is paid two-thirds in cash and one-third in shares, with the portion deferred into shares subject to continued employment for three years but with no further performance conditions attached. This year the annual bonus paid out at 75% of maximum for all Executive Directors. In the current year, the CEO earned £375,000 in cash and £187,500 in shares and the CFO earned £237,500 in cash only.

3 The FY21 LTIP award vested at 100% of maximum and a two-year holding period applies following vesting. Of the total amount, £1,554,329 for the CEO reflects the share price appreciation in the period since grant. There was no discretion exercised in respect of the awards. The FY21 LTIP award has been valued based on the three-month average share price to year end of £8.17. The value of the FY20 LTIP award which vested in FY22 has been updated to reflect the share price on the date of vest of £8.84.

4 No Director has a prospective entitlement to receive a defined benefit pension.

5 Other remuneration in FY22 consisted of share awards granted to Bill Floydd to compensate him for the forfeited position of awards granted by his previous employer. The value shown is 3,443 restricted shares based on a share price of £14.20, being the closing share price on 31 December 2021, the last trading day before his appointment.

6 Non-Executive Director fees are in respect of Committee meetings. There has been no increase in respect of any of the individual fee components.

7 Chabi Nouri was appointed to the Board with effect from 1 May 2022 and to the Audit & Risk Committee from July 2022. She received fees of £nil in respect of FY22.

ANNUAL BONUS OUTCOMES IN FY23 (AUDITED)

The maximum bonus opportunity for the CEO and CFO for FY23 was 150% and 125% of salary respectively. Two-thirds of the bonus award is 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 FY23 and the extent to which they were satisfied are shown in the table below:

Performance condition	Weighting	Threshold performance required (20% of max bonus)	Target performance required (50% of max bonus)	Maximum performance required (100% of max bonus)	Actual performance	Percentage of maximum performance achieved	Bonus value achieved	
							Brian Duffy	Bill Floydd
Adjusted EBIT	100%	£153	£161	£169	£165m	75%	£562,500 (112.5% of salary)	£237,500 (62.5% of salary)

As disclosed in last year's report, the Remuneration Committee assessed the appropriateness of the FY22 annual bonus outcome in the light of factors including ESG performance and the experience of our colleagues, clients and shareholders in the year. The factors considered by the Committee when determining the FY23 bonus outcome were:

- **ESG** – We make made good progress in establishing our ESG Strategy and building the governance framework around this strategy such as the ESG Partner Standards and our commendation for near-term carbon strategy by the SBTi
- **Colleagues** – We have maintained strong engagement with our colleagues. Both our engagement score and inclusion score for the year were 81%. We have also taken steps to protect and support lower paid colleagues in light of the cost-of-living crisis
- **Clients** – We retained strong levels of client satisfaction through mystery shops and showroom reviews and have a strong NPS of over 80%
- **Communities** – We have continued our support of The Watches of Switzerland Group Foundation and increased volunteering hours in the Group by 13%

Overall, the Committee considered that progress against our ESG strategy has been robust and the shareholder and wider stakeholder experience has remained strong and concluded that the proposed bonus payout was appropriate and therefore no discretion to reduce the outcome was exercised. The CEO intends to donate £250,000 of his annual bonus to The Prince's Trust. The CFO, who stepped down from the Board from 12 May 2023, will receive the cash portion of the bonus only (up to two-thirds of the maximum bonus opportunity). He was not deemed to be eligible to receive the deferred shares portion (one-third) of the bonus.

LONG-TERM INCENTIVE OUTCOMES IN FY23

In September 2020, the Company granted the CEO a long-term incentive award of 200% of salary. The award was subject to performance to the end of FY23. Details of the three-year cumulative EPS and three-year average ROCE targets attached to these awards and the extent to which they were satisfied are shown in the table below. A two-year holding period applies to long-term incentive awards following vesting.

Performance condition	Weighting	Threshold performance required (20% of max LTIP)	Target performance required (60% of max LTIP	Maximum performance required (100% of max LTIP)	Actual performance	Vesting level
Cumulative Earnings Per Share	80%	63.2p	66.5p	69.8p	118.3p	100%
ROCE	20%	15.5%	16.0%	16.5%	25.0%	100%

Anders Romberg was treated as a good leaver in January 2022. Anders was previously awarded an LTIP in 2020 which was pro-rated when he retired in February 2022. As reported in the Annual Report and Accounts 2022 the pro-rated portion (i.e. 90,386 shares) will now vest in line with the performance conditions outlined above.

LONG-TERM INCENTIVES AWARDED IN FY23 (AUDITED)

The table below sets out the details of the long-term incentive awards granted in FY23, where vesting will be determined according to the achievement of performance conditions that will be tested based on performance to the end of FY25.

Name	Award type	Basis on which award made	Face value of award	Shares awarded	Percentage of award vesting at threshold performance (%)	Maximum percentage of face value that could vest (%)	Performance conditions
Brian Duffy	Nil-cost options	Annual – 200% of salary	£999,996	133,244	20%	100%	EPS (80%) ROCE (20%)
Bill Floydd	Nil-cost options	Annual – 175% of salary	£664,996	88,607	20%	100%	EPS (80%) ROCE (20%)

The awards for Brian Duffy and Bill Floydd were granted on 14 July 2022; the face value is calculated with reference to a share price of £7.505, being the closing share price on 13 July 2022.

Awards are based 80% on three-year cumulative Adjusted EPS (pre-exceptionals and pre-IFRS 16 adjustment) and 20% on three-year average ROCE over the period FY23 to FY25. Targets are as follows:

– Adjusted EPS: 166.2p (Threshold); 175.0p (Target); 183.7p (Maximum)

– ROCE: 26.4% (Threshold); 27.8% (Target); 29.2% (Maximum)

ROCE is defined in the Glossary on pages 230 to 232.

The LTIP awards granted in July 2022 to Bill Floydd lapsed at the date of his resignation as an Executive Director. Further information can be found below.

DEFERRED SHARE AWARDS GRANTED IN FY23 (AUDITED)

The table below sets out the details of the deferred share awards granted under the Company's 2019 Annual and Deferred Bonus Plan during FY22.

Name	Award type	Basis on which award made	Face value of award	Shares awarded
Brian Duffy	Nil-cost options	Deferral of FY22 bonus	£249,999	33,311
Bill Floydd	Nil-cost options	Deferral of FY22 bonus	£52,775	7,032

The awards for Brian Duffy and Bill Floydd were granted on 14 July 2022; the face value is calculated with reference to a share price of £7.505, being the closing share price on 13 July 2022. The awards will vest on 14 July 2025.

DIRECTORS' SHARE INTERESTS (AUDITED)

	Shares held directly						Shareholding requirement	
Name	Current shareholding	Beneficially owned	Deferred shares not subject to performance conditions	LTIP vested but not yet exercised	LTIP interests subject to performance conditions	LTIP interests not subject to performance conditions	% Salary[1]	Shareholding requirement met?
Executive Directors								
Brian Duffy	7,696,999	7,696,999	58,744	370,370	551,901	–	200%	Yes
Bill Floydd	907	907	7,032	–	170,779	1,772	n/a	n/a
Non-Executive Directors								
Ian Carter	69,700	69,700	–	–	–	–	n/a	n/a
Tea Colaianni	24,447	24,447	–	–	–	–	n/a	n/a
Robert Moorhead	22,125	22,125	–	–	–	–	n/a	n/a
Rosa Monckton MBE	8,904	8,904	–	–	–	–	n/a	n/a
Chabi Nouri	–	–	–	–	–	–	n/a	n/a

1 Subject to being appointed for five years.

There have been no changes to shareholdings between 30 April 2023 and the date of this report.

The market price of shares at 28 April 2023 was £8.31 and the range during FY23 was £6.57 to £10.37.

LEAVING ARRANGEMENTS FOR BILL FLOYDD (AUDITED)

Bill Floydd stepped down as CFO and as an Executive Director of Watches of Switzerland Group PLC with effect from 12 May 2023. Bill is currently due to remain in employment with the Company until 3 November 2023, during which he will be available to support a handover to the new CFO. His leaving arrangements were as follows:

- **Fixed pay** – Bill will continue to receive his base salary, benefits and pension allowance until he ceases employment with the Company. Bill will not receive any loss of office payments. Fees incurred in relation to his termination of employment will be paid up to a limit of £11,000
- **FY23 annual bonus** – Bill will receive the cash portion of his FY23 bonus. The amount is included in his single figure of remuneration for FY23. He will not receive the deferred share portion of the FY23 annual bonus
- **FY24 annual bonus** – Bill will not be eligible for a bonus in respect of FY24
- **FY22 deferred bonus shares** – Bill was granted an award over 7,032 shares on 14 July 2022 in respect of the deferred portion of his FY22 annual bonus. Bill will remain eligible to receive these shares and they will continue to vest on 14 July 2025, subject to the terms of the plan
- **Buy-out award** – On joining the business, Bill was granted an award over 1,722 shares to replace the second tranche of the 2017/18 LTIP award which Bill forfeited on leaving his previous employer. Bill will remain eligible to receive these shares which have already been performance tested and will therefore vest on 1 October 2023. The buy-out award over 1,721 shares that vested in October 2022 will remain subject to a holding period until 1 October 2023. Bill will forfeit his outstanding buy-out award of 35,392 due to vest in December 2023
- **LTIP awards** – Bill will forfeit his outstanding LTIP awards granted on 17 February 2022 and 14 July 2022
- **Post-employment shareholding guidelines** – Bill will comply with our post-employment shareholding guideline policy for a period of two years following stepping down from the Board. As part of his terms of appointment, Bill must retain 100% of his shareholding as at 12 May 2023 (907 shares), the date he stepped down from the Board, until 12 May 2025. Bill will also be required to retain any shares that vest from the Watches of Switzerland Group share plans in this period

REMUNERATION AND ALIGNMENT WITH PERFORMANCE

CEO pay ratio

Our CEO to employee pay ratios for FY20 to FY23 are set out in the table below:

Financial year	Method used	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
FY23 (reported)	Option A	158:1	136:1	101:1
FY22 (reported)	Option A	206:1	174:1	128:1
FY21 (reported)	Option A	61:1	51:1	37:1
FY20 (reported)	Option A	317:1	262:1	179:1
FY20 (excluding one-off IPO award)[1]	Option A	25:1	21:1	14:1

Notes

1 The CEO single figure of remuneration for FY20 included the one-off IPO award (which had a value of £5,999,999 based on the IPO price of £2.70) to Brian Duffy. On the Company's Admission, Brian Duffy was granted a one-off award in the form of a nil-cost option by the principal selling shareholder over some of their shares, in recognition of his contribution to the Company up to Admission and to ensure ongoing incentivisation and retention in his role following IPO. The terms of this award were agreed in FY19 (and can be found on pages 75 and 76 of the Annual Report and Accounts 2019) and subsequently finalised early in FY20 and as such, it was included in the FY20 single total figure of remuneration.

Details of salary and total pay and benefits as required under the regulations are set out below:

CEO base salary (£'000): £500,000

CEO total pay and benefits (£'000): £3,641,722

Employee figures (£'000)	Salary	Total pay and benefits
25th percentile employee	22.4	23.1
50th percentile employee	24.3	26.9
75th percentile employee	32.4	36.2

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 30 April 2023, the last day of the financial year.

The CEO pay ratio gap has decreased during the year due to the lower level of bonus payout for FY23 (75% of maximum) compared to the FY22 where the bonus paid out in full. The value of the LTIP vesting in respect of FY23 is also lower due to the lower share price appreciation over the performance period.

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
- LTIPs are provided in shares, and therefore a change 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 colleagues generally, as well as the make-up of our workforce. What is important from our perspective is that this ratio is influenced only by the differences in structure, and not by divergence in fixed pay between the CEO and wider workforce. The Remuneration Committee reviews information about colleague pay, reward and progression policies of the Company and is comfortable that the median pay ratio is consistent with these policies.

NOTES ON METHODOLOGY

In determining the quartile figures, the hourly rates were annualised using the same number of contractual hours as the CEO. Actual pay and benefits were calculated for all UK colleagues at the snapshot date and subsequently ranked in order to identify the relevant person at each quartile. For the purpose of the calculations the following elements of pay were included (if applicable) for all colleagues:

- Annual basic salary
- Private medical insurance value
- Car or car allowance
- Employer pension contribution (noting that the CEO and current CFO waive their employer pension contribution)
- Bonus and commission earned in the year in question
- LTIP value
- Management incentive plan value.

For FY23, the CEO received an annual bonus of 75% of maximum i.e. 112.5% of salary and an LTIP award, which was granted in September 2020, and vested at 100% of maximum. See page 167 for further information on the factors considered by the Remuneration Committee when determining FY23 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 from FY20 to FY23 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 reporting regulations. The regulations prescribe that all employees of the listed company, excluding Directors, should be included in the average employee calculation. However, as the Watches of Switzerland Group PLC does not have any colleagues other than the two Executive Directors, no statutory disclosure can be provided in respect of colleagues. Therefore, the Company has chosen to voluntarily disclose the information in the table below using UK full time colleagues as the comparator group; this group was chosen on the basis that the majority of our workforce is UK-based.

Year-on-year changes in pay for Directors compared to the average UK employee increase:

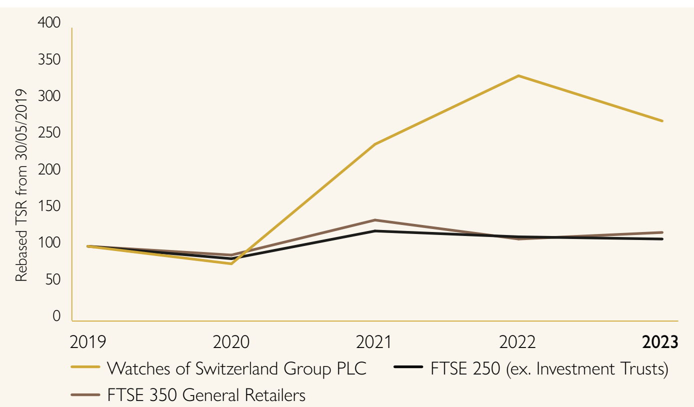
	FY20 to FY21			FY21 to FY22			FY22 to FY23		
Name	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus	Salary/Fees	Taxable benefits[6]	Annual bonus
Executive Directors									
Brian Duffy	0%	2.7%	n/a[1]	4.3%[2]	(0.6)%	4.3%	0%	6.9%	(25.0)%
Bill Floydd[3]	n/a	n/a	n/a	n/a	n/a	n/a	200.0%	403.0%	50.0%
Anders Romberg[4]	0%	(43.0)%	n/a[1]	(30.4)%	(27.7)%	(30.4)%	n/a	n/a	n/a
Non-Executive Directors									
Ian Carter[5]	n/a	n/a	n/a	0%	0%	n/a	0%	28.7%	n/a
Tea Colaianni	0%	n/a	n/a	10.0%[6]	0%	n/a	1.0%	100%	n/a
Robert Moorhead	0%	n/a	n/a	10.8%[6]	0%	n/a	1.2%	0%	n/a
Rosa Monckton MBE	0%	n/a	n/a	18.3%[6]	0%	n/a	2.4%	0%	n/a
Chabi Nouri[7]	n/a	n/a	n/a	n/a	n/a	n/a	100.0%	100.0%	n/a
Average percentage increase for UK employees	5.0%	4.0%	n/a[5]	9%	(15.5)%[8]	35%	9.1%	(14.4)%[8]	(48.3)%

Notes:

1 The Group bonus scheme did not trigger in FY20.
2 At the beginning of the pandemic, Brian Duffy took a temporary voluntary pay reduction in FY21.
3 Bill Floydd was appointed as CFO with effect from 1 January 2022. The increases shown are as a result of the annualisation of his remuneration.
4 Anders Romberg retired as CFO and as an Executive Director of the Board with effect from 1 January 2022.
5 Ian Carter was appointed as Chair of the Board on 1 November 2020.
6 Increase in Non-Executive Director fees is due to an additional fee being paid for membership of the ESG Committee and for chairing the ESG Committee.
7 Chabi Nouri was appointed as an independent Non-Executive Director with effect from 1 May 2022. The increases shown are as a result of the annualisation of her remuneration.
8 Reduction in taxable benefits is due to a move to a hybrid and electric car fleet.
9 Changes in pay for the Non-Executive Directors relate to the introduction of the ESG Committee part way through FY22. There have been no increases in Non-Executive Director fees over the year.

TOTAL SHAREHOLDER RETURN

The graph shows the Group's TSR performance (share price plus dividends paid) compared with the performance of the FTSE 250 (excluding Investment Trusts) Index and the FTSE 350 General Retailers, since the Company's IPO in June 2019. These indices have been selected because the Company believes that the constituent companies are the most appropriate for this comparison for the Group. This chart will be built out in future reports until it provides a picture of performance over ten years.



CEO REMUNERATION SINCE IPO

The Remuneration Committee does not believe that the remuneration paid whilst the Company was private is relevant to the remuneration following IPO. As such, this table shows remuneration from FY20, the first financial year when the Company was listed. We will add to this table each year until a full ten-year history is shown:

Financial year	Single figure of remuneration	% of max annual bonus earned	% of max LTIP awards vesting
FY23 – Brian Duffy	£3,641,722	75%	100%
FY22 – Brian Duffy	£4,547,352	100%	100%
FY21 – Brian Duffy	£1,221,337	100%	n/a
FY20 – Brian Duffy (excluding one-off IPO award)[1]	£6,512,387 (£512,388)	0%	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 the FY20 single total figure of remuneration.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the percentage change in total employee pay expenditure and shareholder distribution (i.e. dividends and share buybacks) from the financial year ended 1 May 2022 to the financial year ended 30 April 2023.

Relative importance of the spend on pay	FY23 £m	FY22 £m	% change
Colleague remuneration	143.9	119.9	20.0%
Distribution to shareholders	£0	£0	0.0%

The Company has not paid a dividend or carried out a share buyback in the current year nor the previous year.

ROLE OF THE REMUNERATION COMMITTEE

The Committee complies with the UK Corporate Governance Code 2018 in terms of composition and Terms of Reference. The Committee's Terms of Reference, which are reviewed annually, are available on the Group's website at thewosgroupplc.com.

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 their own remuneration
- Review the appropriateness of the Remuneration Policy on an ongoing basis and make recommendations to the Board on appropriate changes
- Obtain up to date comparative market information and appoint remuneration consultants as required to advise or obtain information
- Approve the design of, and set targets for, performance related incentives across the Group
- Oversee any major changes to benefits for 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.

WHO SUPPORTS THE COMMITTEE?

Internal

Internal support is provided by the Company Secretary & General Counsel and the Executive Director HR, whose attendance at Committee meetings is by invitation from the Remuneration Committee Chair, to advise on specific questions raised by the Remuneration Committee and on matters relating to the performance and remuneration of the Senior Management team. No Director was present for any discussions that related directly to their own remuneration.

External

The Committee appointed Deloitte LLP as independent adviser to the Committee following an independent selection process. Fees paid to Deloitte LLP in relation to remuneration services provided to the Committee for FY23 were £67,500, which were charged on a time and materials basis. Deloitte LLP is a member of the Remuneration Consultants' Group, and as such chooses to operate pursuant to a code of conduct that requires remuneration advice to be given objectively and independently. There are no connections between Deloitte LLP and individual Directors to be disclosed. The Committee is satisfied that the advice provided by Deloitte LLP in relation to remuneration matters is objective and independent.

APPROVAL OF THE DIRECTORS' REMUNERATION REPORT

The FY23 Directors' Remuneration Report will be subject to a shareholder vote at the 2023 AGM. The table below sets out the actual voting in respect of resolutions regarding remuneration at previous Annual General Meetings.

	Votes for	% for	Votes against	% against	Total votes	Votes withheld
Approve the 2022 Directors' Remuneration Report (2022 AGM)	188,426,596	97.38%	5,071,294	2.62%	193,685,453	187,563
Approve the 2022 Directors' Remuneration Policy (2022 AGM)	189,914,532	98.15%	3,583,126	1.85%	193,685,453	187,795

TEA COLAIANNI
CHAIR OF THE REMUNERATION COMMITTEE
12 July 2023

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 30 April 2023. 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 EVENT

On 9 May 2023 the Group signed a new five year £225.0 million Revolving Credit Facility (RCF) with lenders. The existing facilities were repaid and extinguished on this date.

STATUTORY INFORMATION

Topic	Section of the report	Page
Important events impacting the business	Strategic Report	8 to 121
Financial instruments	Note 22 of the Consolidated Financial Statements	218
Colleague disabilities	Nomination Committee Report	146
Modern Slavery Statement	Environment, Social and Governance	108
Greenhouse gas emissions, energy consumption and energy-efficient action	Environment, Social and Governance	104
Carbon reporting	Environment, Social and Governance	104
Risk Management	Risk Management	113
S172 Companies Act 2006	Strategic Report	51

INFORMATION REQUIRED BY LR 9.8.6(10)

Topic	Section of the report	Page
Diversity & Ethnicity	Corporate Governance Report Nomination Committee Report	140 146

INFORMATION REQUIRED BY LR 9.8.4(R)

Topic	Section of the report	Page
Directors' interests in shares	Remuneration Committee Report	168
Going concern	Going Concern and Viability Statement	122
Long-term incentive schemes	Remuneration Committee Report	165

INFORMATION REQUIRED BY DTR 7.2

Topic	Section of the report	Page
Corporate Governance Statement 2022	Corporate Governance Report	132

INFORMATION REQUIRED BY DTR 4.1.11R

Topic	Section of the report	Page
Likely future developments	Strategic Report	12

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

Statement of Engagement with Colleagues

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

Information	Section of the report	Page
How the Directors engage with colleagues	Section 172(1) Statement Board activity	51 136
How the Group provides colleagues with information on matters of concern to them as colleagues	Environment, Social and Governance	71
How the Group consults with and considers colleague feedback	Environment, Social and Governance	71
How the Directors have had regard to colleagues' interests	Environment, Social and Governance Board activity	71 136
Non-Financial Information Statement	Non-Financial Information Statement	50

Business relationships

Information	Section of the report	Page
Foster the Company's business relationships	Section 172(1) Statement	51
Principal decisions affecting suppliers, clients and others taken by the Company during the financial year	Section 172(1) Statement Board activity	51 136

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 2023 AGM of the Company will be held at 3.30pm on 31 August 2023, at our offices at 36 North Row, London W1K 6DH. The Notice of AGM is given, together with explanatory notes, in the booklet which accompanies this Annual Report and Accounts.

BOARD OF DIRECTORS

Ian Carter
Brian Duffy
Anders Romberg – Appointed 12 May 2023
Tea Colaianni
Robert Moorhead
Rosa Monckton MBE
Chabi Nouri
Bill Floydd – Resigned 12 May 2023

Full biographies of the current Directors can be found on pages 130 to 131.

Details of the current Directors' beneficial and non-beneficial interests in the shares of the Company are shown on page 168. Details of share awards are found in the Remuneration Report on page 168.

APPOINTMENT AND REMOVAL OF A DIRECTOR

The appointment, reappointment and replacement of Directors is governed by the Articles, the UK Corporate Governance Code (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 2022 AGM, all members of the Board stood for election or re-election and were duly elected. Anders Romberg is offering himself for election at the 2023 AGM, which is the first AGM following his appointment. All the other Directors are offering themselves for re-election. The Board is satisfied that each Independent Non-Executive Director offering themselves for re-election is independent in both character and judgement, and that their experience, knowledge and other business interests enable them to contribute significantly to the work and balance of the Board.

A Director may be appointed to the Board by:

(i) Ordinary resolution of the shareholders
(ii) Board approval following recommendation by the Nomination Committee
(iii) Ordinary resolution if the Director chooses to seek re-election at a general meeting

In addition, the Directors may appoint a Director to fill a vacancy or as an additional Director, provided that the individual retires at the next AGM; if they are to continue, they must offer themselves for election. A Director must vacate office in certain circumstances as set out in the Company's Articles and may be removed by ordinary resolution provided special notice of that resolution has been given.

POWERS OF THE DIRECTORS

Subject to the Articles, the Companies Act 2006 and any directions given by the Company by special resolution and any relevant statutes and regulations, the business of the Company will be managed by the Board which may exercise all the powers of the Company. Specific powers relating to the allotment and issuance of ordinary shares and the ability of the Company to purchase its own securities are also included within the Articles, and such authorities may be submitted for approval by the shareholders at the AGM each year.

DIRECTORS' INTERESTS AND CONFLICTS OF INTEREST

The Directors' interests in, and options over, ordinary shares in the Company are shown in the Directors' Remuneration Report on Remuneration on page 168. In line with the requirements of the Companies Act 2006, Directors have a statutory duty to avoid situations in which they have, or may have, interests that conflict with those of the Company unless that conflict is first authorised by the Board. The Company has procedures in place for managing conflicts of interest. The Company's Articles contain provisions to allow the Directors to authorise potential conflicts of interest, so that if approved, a Director will not be in breach of his/her duty under company law. In line with the requirements of the Companies Act 2006, each Director has notified the Company of any situation in which he or she has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (a situational conflict). Directors have a continuing duty to update any changes to their conflicts of interest and a note is then made of that update.

During the year the conflict of interests' procedures operated effectively.

DIRECTORS' INDEMNITIES

Directors' and Officers' insurance has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of s236 of the Companies Act 2006. This indemnity contains provisions that are permitted by the director liability provisions of the Companies Act 2006 and the Company's Articles.

DIRECTORS' STATEMENT OF RESPONSIBILITY IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the profit or loss of the Group for the financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with UK adopted international accounting standards and have elected to prepare the Company's Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 (The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland) and the Companies Act 2006.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Annual Report and Accounts, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (or in respect of the Parent Company Financial Statements, Section 10 of FRS 102) and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs (or in respect of the Parent Company Financial Statements, FRS 102) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance

- For the Group Financial Statements, state whether International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 and UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- For the Parent Company Financial Statements, state whether applicable UK accounting standards, FRS 102, have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Each of the Directors, whose names and functions are listed on pages 130 to 131 confirms that, to the best of their knowledge:

- That the Group Financial Statements, which have been prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- That the Annual Report and Accounts 2023, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- That they consider the Annual Report and Accounts 2023, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy

COMPANY SECRETARY

Laura Battley is the Company Secretary of the Watches of Switzerland Group PLC and its trading UK Group subsidiaries who can be contacted via the Company's Registered Office.

AUDITOR REAPPOINTMENT

Having been appointed as the External Auditor in 2019, Ernst & Young LLP has expressed its willingness to continue in its capacity as independent External Auditor of the Company. The Directors are recommending a resolution in favour of this reappointment and a resolution for authorisation of Auditor remuneration at the forthcoming AGM.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In accordance with Section 418(2) of the Companies Act 2006, each Director in office at the date the Directors' Report is approved confirms that:

i. So far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware

ii. He/she has taken all the steps that he/she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information

DIVIDENDS

The Directors do not recommend the payment of a dividend.

POLITICAL DONATIONS

The Group made no political donations and incurred no political expenditure during the year.

SHARE CAPITAL AND SHAREHOLDER VOTING RIGHTS

The share capital of the Company at 30 April 2023 was as follows:

	2023 number of shares	2023 nominal value £
Allotted, called up and fully paid ordinary shares of £0.0125 each	239,570,297	£2,994,629

All shareholders are entitled to attend and speak at the general meetings of the Company, appoint proxies, receive any dividends, exercise voting rights and transfer shares without restriction. On a show of hands at a general meeting, every member present in person shall have one vote, and on a poll, every member present in person or by proxy shall have one vote for every ordinary share held. There are no known arrangements that may restrict the transfer of shares or voting rights.

Under the Company's Share Incentive Plan, Trustees hold shares on behalf of colleague participants. The Trustees will only vote on those shares, and receive dividends, should the Company pay dividends in the future, that a participant beneficially owns, in accordance with the participant's wishes.

An Employee Benefit Trust also operates which has discretion to vote on any shares it holds as it sees fit, except any shares participants own beneficially, in which case the Trustee will only vote on such shares as per a participant's instructions. The Trustee of the Employee Benefit Trust has waived its right to dividends on all shares within the Trust.

The Company is not aware of any other dividend waivers or voting restrictions in place.

RESTRICTIONS ON THE TRANSFER OF SECURITIES

The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. However, restrictions are imposed by laws and regulations such as the prohibition on insider trading and the requirements of the Listing Rules whereby PDMR's dealings need to be approved. The Company has adopted a Share Dealing Code to regulate PDMR dealings and has extended the scope of that Code to include certain other colleagues.

AUTHORITY TO ALLOT SHARES

Under the Companies Act 2006, the Directors may only allot shares if authorised to do so by the shareholders in a general meeting.

SHAREHOLDER AUTHORITY TO PURCHASE OWN SHARES

At the Company's 2022 AGM, the Company's shareholders passed a shareholder resolution granting the Company authority to purchase its own shares pursuant to sections 693 and 701 of the Companies Act 2006.

The authority is limited to an aggregate maximum number of 23,957,029 ordinary shares, representing 10% of the Company's issued share capital, excluding treasury shares. The maximum price which may be paid for an ordinary share will be an amount which is not more than the higher of (i) 5% above the average of the middle market quotation for an ordinary share as derived from the London Stock Exchange Plc's Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out (in each case, exclusive of expenses).

The authority shall, unless varied, revoked or renewed, expire at the end of the Company's 2023 AGM or, if earlier, at close of business on 30 November 2024. To date, the Directors have not exercised any of the powers conferred by this resolution.

USE OF FINANCIAL INSTRUMENTS

Information regarding the Company's use of financial instruments, financial risk management objectives and policies can be found in the Risk Management section of the Strategic Report on page 113 to 114 and note 22 of the Consolidated Financial Statements.

CHANGE OF CONTROL

There are no agreements between the Company and its Directors or colleagues providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) by reason of a takeover bid.

Details concerning the impact on annual bonus (cash and deferred share awards) and LTIPs held by Directors and Senior Management in the event of a change of control are set out in the Remuneration Policy which was approved by shareholders at the AGM in 2022. 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 £225 million multicurrency revolving loan facility entered into on 9 May 2023, includes certain customary mandatory prepayment and cancellation events, including mandatory prepayments on a change of control of either Watches of Switzerland Group PLC or 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 the date of this report, as notified in accordance with the provisions of DTR 5.1.2R representing 3% or more of the Company's issued ordinary share capital.

It should be noted that these holdings may have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Notifiable interest	Voting Rights	% of capital disclosed	Nature of holding as per disclosure
BlackRock Inc	22,737,693	9.48	– Indirect interest 8.29% – Securities Lending 0.20% – CFD 0.99%
Aggregate of Standard Life Aberdeen plc affiliated investment management entities with delegated voting rights on behalf of multiple managed portfolios	19,611,533	8.19	– Indirect interest 8.19%
The Capital Group Companies	12,052,654	5.03	– Indirect interest 5.03%
J P Morgan Asset Management Holdings Inc	12,026,252	5.02	– Indirect interest 5.02%
Ameriprise Financial Inc and its group (Threadneedle Asset Management Limited)	11,876,662	4.96	– Indirect interest 4.94% – Direct interest 0.02%
Pelham Capital Ltd	11,948,369	4.99	– Direct interest 4.99%
Aegon Asset Management UK PLC	7,374,274	3.08	– Direct interest 3.02% – Indirect interest 0.06%
Brian Duffy	7,696,999	3.21	– Direct interest 3.21%

TRANSACTIONS WITH RELATED PARTIES

Refer to note 23 on page 222 of the Consolidated Financial Statements for details of related party transactions in the year.

APPROVAL OF THE ANNUAL REPORT AND ACCOUNTS

The Strategic Report on pages 2 to 121 and the Directors' Report on pages 172 to 175 and the Corporate Governance Report were approved by the Board on 12 July 2023. Approved by the Board and signed on its behalf.

LAURA BATTLEY
COMPANY SECRETARY
12 July 2023


H. Moser & Cie.

3 FINANCIAL STATEMENTS

CONTENTS

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 30 April 2023 and of the Group's profit for the year then ended;

– the Group Financial Statements have been properly prepared in accordance with UK adopted international accounting standards;

– the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

– the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Watches of Switzerland Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2023 which comprise:

Group	Parent Company
Consolidated Income Statement for the 52-week period then ended	Balance Sheet as at 30 April 2023
Consolidated Statement of Comprehensive Income for the 52-week period then ended	Statement of Changes in Equity for the 52-week then ended
Consolidated Balance Sheet as at 30 April 2023	Related notes C1 to C9 to the Financial Statements including a summary of significant accounting policies
Consolidated Statement of Changes in Equity for the 52-week period then ended	
Consolidated Statement of Cash Flows for the 52-week period then ended	
Related notes 1 to 26 to the Financial Statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

– Obtaining management's going concern assessment, which covers the period to 31 October 2024, and which includes details of facilities available, forecast covenant calculations, and the results of management's downside sensitivity scenarios;

– Testing management's model for clerical accuracy;

– Understanding and assessing the design effectiveness of controls over the Directors' going concern assessment and management's forecasting process;

– Obtaining the agreements in respect of the Group's new financing arrangements, which were signed post year end, and confirming the maturity and covenants that are required to be met within the going concern assessment period;

– Challenging the reasonableness of forecasts and key assumptions underpinning the going concern model, which are based on the Board approved budget and Long Range Plan, through assessing changes from the prior period, making enquiries, ensuring the forecast appropriately reflect the Group's climate change commitments, comparing to external forecasts for the sector and considering whether there was any indication of management bias, including consideration of any contrary indicators;

– Analysing the historical accuracy of budgets to determine whether forecast cash flows are reliable based on past experience;

– Comparing management's forecasts to actual results through the subsequent events period and performing enquiries to the date of this Report;

– Reperforming forecast covenant calculations and comparing to the requirements under the new facility agreement signed post year end;

– Assessing the Group's severe but plausible downside scenarios which factor in the potential effect of a reduction in sales due to reduced consumer confidence and lower disposable income as a result of the cost-of-living crisis. This included challenging the assumptions and whether the quantum of the impact of the downside scenarios are sufficiently severe;

– Challenging whether the scenarios modelled appropriately consider the Group's principal risks and uncertainties;

– Assessing mitigating factors available to management should downside scenarios be worse than anticipated, including challenging whether these are realistic and controllable;

– Assessing the reverse stress tests used by the Directors to determine the risk to liquidity and covenant compliance. Including performing an independent reverse stress test, assuming no sales growth in the going concern period, to determine the level of further sales reduction before liquidity or covenants are breached and assessing the likelihood of this scenario occurring;

– Performing a suite of procedures, including management enquiry to identify events or conditions beyond the period of assessment that may cast significant doubt on the entity's ability to continue as a going concern; and

– Assessing the going concern disclosures in the Financial Statements to ensure they are in accordance with accounting standards, the Companies Act and the UK Corporate Governance Code.

Our key observation is that the Director's assessment forecasts that the Group will maintain sufficient liquidity and comply with all covenants throughout the going concern assessment period in both the base case and plausible downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period from when the Financial Statements are authorised for issue to 31 October 2024.

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 showrooms. – We performed risk assessment procedures, including meetings with management and the Board, our observations from Half Year and interim work to identify risks of material misstatements.
Audit scope	– We performed an audit of the complete financial information of 5 (2022: 5) components. – The components where we performed full or specific audit procedures accounted for 100.8% of Profit before tax and exceptional items (2022: 98.7%), 99.5% of Revenue (2022: 99.8%) and 96.0% of Total assets (2022: 97.9%).
Key audit matters	– Inventory valuation; – Revenue recognition including the risk of management override; and – Showroom impairment/reversal of impairment due to changes in circumstances.
Materiality	– Overall Group materiality of £7.8m (2022: £6.4m) which represents 5% of profit before tax and exceptional items.

AN OVERVIEW OF THE SCOPE OF THE PARENT COMPANY AND GROUP AUDIT

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each 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, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal Audit results 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 18 (2022: 14) reporting components of the Group, we selected 5 (2022: 5) components covering entities within the UK and US, which represent the principal business units within the Group.

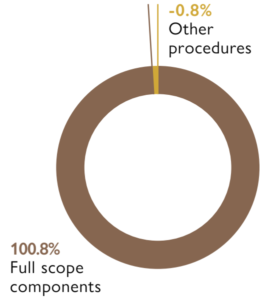
We performed an audit of the complete financial information of all 5 (2022: 5) of the principal business units ('full scope components') which were selected based on their size or risk characteristics.

The reporting components where we performed audit procedures accounted for 100.8% (2022: 98.7%) of the Group's Profit before tax and exceptional items, 99.5% (2022: 99.8%) of the Group's Revenue and 96.0% (2022: 97.9%) of the Group's Total assets.

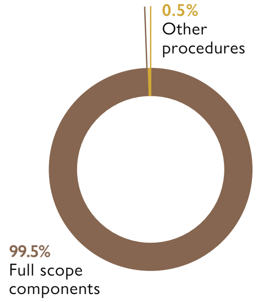
Of the remaining 13 components that together represent -0.8% of the Group's Profit before tax and exceptional items, none are individually greater than 5% of the Group's Profit before tax and exceptional items. For these components, we performed other procedures, including analytical review and enquiry 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.

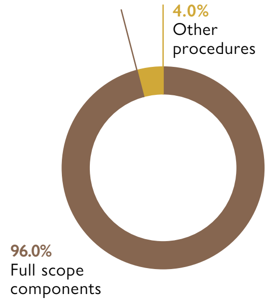
Profit before tax and exceptional items



Revenue



Total assets



Involvement with component teams

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 showroom physical inventory count tests as well as assist auditing US specific laws and regulations, state taxes and corporate tax. During the current year's audit cycle, visits were undertaken by the senior statutory auditor to the US component head office. These visits involved touring the distribution centre and meeting with the US finance and operations employees to understand the results and risks of the US business as well as visiting a local showroom.

Climate change

Stakeholders are increasingly interested in how climate change will impact Watches of Switzerland Group PLC. The Group has determined that the most significant future impacts from climate change on its operations will be from extreme weather events disrupting offices and distribution centres, increased office and showroom energy requirements for heating and cooling, the legal requirement for the fleet to be EVs in the UK and from changing consumer preferences. These are explained on pages 91 to 94 in the required Task Force on Climate-related Financial Disclosures and on pages 116 to 121 in the Principal Risks and Uncertainties. They have also explained their climate commitments on page 102. All of these disclosures form part of the "Other information", rather than the audited Financial Statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its Financial Statements.

The Group has explained in note 1 how they have reflected the impact of climate change in their Financial Statements including how this aligns with their commitment to the aspirations of the Paris Agreement to achieve net-zero emissions by 2050.

These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 31 October 2024 nor the viability of the Group over the next three years.

Our audit effort in considering the impact of climate change on the Financial Statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 98 to 100 and the significant judgements and estimates disclosed in note 1 and whether these have been appropriately reflected in asset values where these are impacted by future cash flows, being the impairment testing following the requirements of UK adopted international accounting standards. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists, to determine the risks of material misstatement in the Financial Statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter or to impact a key audit matter.

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 & Risk Committee
Inventory valuation – £356.0m of inventory (FY22 £302.6m) *Refer to the Audit & Risk Committee Report (page 148); Accounting policies (page 192); and note 14 of the Consolidated Financial Statements (page 211)* The Group sells luxury goods, which have a high carrying value and are subject to changing consumer trends. Management applies judgement to anticipate saleability of on-hand inventory and to evaluate liquidation of slow moving and discontinued inventory. There is greater risk on the valuation of products where margins tend to be lower, more variable and impacted by changes in the consumer landscape such as jewellery. There further remains an ongoing risk on the estimation involved in the accounting for in year supplier price increases.	– We understood and assessed the design of management's key controls over the inventory valuation and provision calculation process. – We enquired of key members of finance and the merchandising team to understand inventory levels, ageing and plans for discontinuation. – We assessed management's judgements and assumptions used in determining the inventory provision to challenge if they were appropriate and supportable. We understood the sensitivity of these assumptions to change. – We assessed the level of provisioning by specific brand and compared this to performance in the year and stock turn. We directed greater attention to products likely to be impacted by cost-of-living challenges. – We inspected the value of inventory sold at less than cost during the period and challenged management on whether a provision was required for the amounts that remain on hand at year end. – In assessing the reasonableness of management's methodology, we have considered the historical level of provisioning and subsequent utilisation and releases to determine the accuracy of prior provisions. This included assessing the nature and valuation of adjustments made to inventory in respect of acquisitions where the initial accounting period was provisional. – 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. – For the UK and US full scope components (98.7% of Group inventory), we utilised data analytic procedures to map the inventory journals to cost of sales, creditors, goods received not invoiced and other relevant accounts. – Using data analytical tools, we identified material manual adjustments to inventory that do not follow the core processes such as postings for rebates, NRV and price changes for further investigation and corroboration.	Based on our procedures we consider the valuation of inventory to be materially appropriate.

Risk	Our response to the risk	Key observations communicated to the Audit & Risk Committee
Revenue recognition including the risk of management override – £1,542.8m Revenue (FY22 £1,238.0m) *Refer to the Audit & Risk Committee Report (page 148); Accounting policies (page 190); and note 2 & 3 of the Consolidated Financial Statements (pages 196 to 198)* Our assessment is that the majority of the Group's revenue transactions are non-complex, with no judgement applied over the amount recorded. Revenue recognition is a significant risk by presumption due to material misstatements as a result of fraudulent or erroneous financial reporting. We assessed the revenue recognition risk in the following key areas: – Manual adjustments to revenue; – Valuation of sales returns provisions; – Accounting for customer deposits; and – Valuation of gift card provisions.	– We understood and assessed the design of management's key controls over the revenue recognition process. – We performed analytical review procedures to understand the revenue trends compared to the prior period, budget and post year end to identify areas that warrant further investigation. – For the UK and US full scope components (99.5% of Group revenue), we utilised data analytic procedures to test the entire population of postings from Revenue to Cash, correlating the cash conversion of sales. – Using data analytical tools, we identified material manual adjustments to revenue that do not follow the core processes such as postings for deferred revenue on deposits for further investigation and corroboration to other audit procedures. – We challenged the provision for returns by assessing actual returns since period end. – We challenged the gift card deferred revenue through agreeing to a third party confirmation and assessing historical redemption rates on aged unused gift cards. – For a sample of deposits we confirmed the existence by agreeing the receipt of the deposit to the bank statement. We also tested the revenue was recognised in the correct accounting period by confirming the goods were collected after the period end date or if uncollected, the item was not in stock at period end. – We assessed the ageing of deposits in the UK and US to challenge why these haven't been released. – We tested the completeness of deposits through use of data analytics procedures on showroom margins and by testing a sample of deposit releases to revenue in the period.	We did not identify any evidence of management override through the use of manual journal entries. Based on our procedures in respect of deposits, returns and gift cards no material misstatements were identified.
Showroom impairment – £0.3m net impairment reversal (FY22 £0.4m impairment reversal) *Refer to the Audit & Risk Committee Report (page 148); Accounting policies (page 192); and Note 4 & 11 of the Consolidated Financial Statements (pages 199 and 207)* Cash generating units ('CGU') should be reviewed for indicators of impairment at each reporting period end. Forecasts and discount rates used in assessing showroom impairment are judgemental and involve estimates of future trading which involves uncertainty. In particular, there is a risk in relation to showrooms where there has been a change in circumstances in the year. Also previously impaired CGU's should be reviewed for indicators of impairment reversal. Reversals are subject to the same judgements on the discount rate and estimated future trading.	– We understood and assessed the design effectiveness and implementation of controls over the impairment indicator review and impairment test. – We challenged the UK and US discount rates used with the assistance of EY valuation specialists which included independently determining a reasonable range as a corroboration for the appropriateness of the discount rate used by management. – We challenged the showroom cashflow forecasts used by management in calculating the value-in-use through assessing changes from the prior period, making enquiries of management, comparing to external forecasts for the industry, inspecting post year end results and considering whether there was any indication of management bias, including consideration of any contrary indicators. – We challenged the long-term growth rates applied by comparing to external forecasts in the UK and US. – We validated impairment test input data and arithmetical accuracy of the model. – We assessed the process for allocating forecast cashflows to individual showrooms. – We independently stress tested the model's key assumptions to determine if any plausible change in assumptions would result in a material change in impairment. – We assessed the adequacy of the disclosures in the Financial Statements in respect of the impairment and impairment reversal. This included assessing the disclosure on the reasonable possible changes in assumptions.	Based on our procedures over showroom impairment no material misstatements were identified. We consider the showroom impairment recognised to be materially stated and appropriately disclosed in underlying results. We consider the showroom impairment reversal recognised to be materially stated and appropriately disclosed in exceptional items, consistent with where the original impairment charge was recorded. Management have appropriately included sensitivity analysis disclosures in note 11 to the Financial Statements to reflect the level of estimation uncertainty.

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 £7.8 million (2022: £6.4 million), which is 5% (2022: 5%) 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 £9.5 million (2022: £9.3 million), which is 2% (2022: 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 – £154.8m
ADJUSTMENTS	– Impairment reversal - (£0.7m) – Acquisition related costs £0.9m – Accelerated amortisation of capitalised transaction costs £0.7m
MATERIALITY	– Totals £155.7m Profit before tax and exceptional items – Materiality of £7.8m (5% of materiality basis)

During the course of our audit, we reassessed initial materiality and trued this up to final results to reflect the full year actual profit before tax and exceptional items.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2022: 75%) of our planning materiality, namely £5.8m (2022: £4.8m). We have set performance materiality at this percentage as we did not anticipate a significant level of audit differences following our FY22 audit.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1.2m to £5.8m (2022: £1.0m to £4.8m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit & Risk Committee that we would report to them all uncorrected audit differences in excess of £0.39m (2022: £0.32m), 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 233, 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 this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 122;
- 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 page 123;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 123;

– Directors' statement on fair, balanced and understandable set out on page 150;
– Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 116;
– 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 151; and
– The section describing the work of the Audit & Risk Committee set out on pages 148 to 153.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on pages 173 to 174, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

– We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are frameworks which are directly relevant to specific assertions in the Financial Statements are those that relate to the reporting framework (UK adopted international accounting standards, FRS 102, the Companies Act 2006 and UK Corporate Governance Code). In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the Financial Statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to General Data Protection Regulation (GDPR), health and safety and employee matters.
– We understood how Watches of Switzerland Group PLC is complying with those frameworks by making enquiries of management, Internal Audit, those responsible for legal and compliance matters and the Company Secretary & General Counsel. We confirmed our enquiries through our review of Board minutes, papers provided to the Audit & Risk Committee and correspondence received from regulatory bodies.
– We assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur, by meeting with management and Internal Audit to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential incentives or opportunities to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk as discussed in the key audit matters section above. These procedures included testing manual journals and were designed to provide reasonable assurance that the Financial Statements were free from material fraud.
– Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding management's internal controls over compliance with laws and regulations; reviewing Internal Audit reports and whistleblowing investigation reports provided to the Audit & Risk 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 & Risk Committee we were appointed by the Company on 17 October 2019 to audit the Financial Statements for the year ending 26 April 2020 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is four years, covering the years ending 26 April 2020 to 30 April 2023.
– The audit opinion is consistent with the additional report to the Audit & Risk 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

12 July 2023

CONSOLIDATED INCOME STATEMENT

	Note	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Revenue	2,3	**1,542.8**	**1,238.0**
Cost of sales		(1,324.1)	(1,056.7)
GROSS PROFIT		218.7	181.3
Administrative expenses		(39.9)	(37.6)
Exceptional administrative expenses	4	(0.9)	(2.0)
Exceptional reversal of impairment of assets	4	0.7	0.4
OPERATING PROFIT		**178.6**	**142.1**
Finance costs	7	(24.0)	(16.0)
Finance income	7	0.9	0.1
Exceptional finance costs	4	(0.7)	–
NET FINANCE COST		(23.8)	(15.9)
Profit before taxation		**154.8**	**126.2**
Taxation	8	(33.0)	(25.2)
Profit for the financial period		**121.8**	**101.0**
EARNINGS PER SHARE			
Basic	9	**51.2p**	**42.2p**
Diluted	9	**50.9p**	**42.0p**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Profit for the financial period		**121.8**	**101.0**
Other comprehensive (expense)/income:			
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS			
Foreign exchange (loss)/gain on translation of foreign operations excluding deferred tax		(3.1)	11.0
Related current tax movements	8	0.1	(1.2)
		(3.0)	**9.8**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Actuarial movements on defined benefit pension scheme	19	0.3	1.4
Related deferred tax movements	8	(0.1)	(0.2)
		0.2	**1.2**
Other comprehensive (expense)/income for the period		**(2.8)**	**11.0**
Total comprehensive income for the period		**119.0**	**112.0**

The notes on pages 189 to 223 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET

	Note	30 April 2023 £m	1 May 2022 £m
ASSETS			
NON-CURRENT ASSETS			
Goodwill	10	182.8	165.1
Intangible assets	10	17.6	18.1
Property, plant and equipment	11	154.4	112.5
Right-of-use assets	12	359.1	293.6
Deferred tax assets	8	6.2	9.3
Post-employment benefit asset	19	0.1	–
Trade and other receivables	13	2.1	2.7
		722.3	**601.3**
CURRENT ASSETS			
Inventories	14	356.0	302.6
Current tax asset		2.6	0.6
Trade and other receivables	13	17.7	19.6
Cash and cash equivalents	15	136.4	105.9
		512.7	**428.7**
Total assets		**1,235.0**	**1,030.0**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	(218.7)	(200.1)
Current tax liability		(4.9)	(2.0)
Lease liabilities	12	(47.4)	(46.7)
Provisions	17	(1.8)	(1.0)
		(272.8)	**(249.8)**
NON-CURRENT LIABILITIES			
Trade and other payables	16	(0.9)	(1.3)
Deferred tax liabilities	8	(3.0)	(0.4)
Lease liabilities	12	(363.0)	(293.9)
Borrowings	18	(120.0)	(118.6)
Post-employment benefit obligations	19	–	(0.6)
Provisions	17	(6.0)	(4.1)
		(492.9)	**(418.9)**
Total liabilities		**(765.7)**	**(668.7)**
Net assets		**469.3**	**361.3**
EQUITY			
Share capital	20	3.0	3.0
Share premium	20	147.1	147.1
Merger reserve	20	(2.2)	(2.2)
Other reserves	20	(18.4)	(6.7)
Retained earnings		337.0	214.3
Foreign exchange reserve		2.8	5.8
Total equity		**469.3**	**361.3**

The prior period balances have been restated, in line with IFRS 3 'Business combinations', to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge'). Further detail is disclosed within note 24.

The notes on pages 189 to 223 are an integral part of these Consolidated Financial Statements.

The Consolidated 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: 12 July 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Foreign exchange reserve £m	Total equity attributable to owners £m
Balance at 2 May 2021	**3.0**	**147.1**	**(2.2)**	**–**	**106.4**	**(4.0)**	**250.3**
Profit for the financial period	–	–	–	–	101.0	–	101.0
Other comprehensive income, net of tax	–	–	–	–	1.2	9.8	11.0
Total comprehensive income	**–**	**–**	**–**	**–**	**102.2**	**9.8**	**112.0**
Purchase of own shares	–	–	–	(6.7)	–	–	(6.7)
Share-based payment charge (note 21)	–	–	–	–	3.2	–	3.2
Tax on items credited to equity	–	–	–	–	(1.1)	–	(1.1)
Tax on vested shares moved to current tax	–	–	–	–	3.6	–	3.6
Total other transactions	**–**	**–**	**–**	**(6.7)**	**5.7**	**–**	**(1.0)**
Balance at 1 May 2022	**3.0**	**147.1**	**(2.2)**	**(6.7)**	**214.3**	**5.8**	**361.3**
Profit for the financial period	–	–	–	–	121.8	–	121.8
Other comprehensive income, net of tax	–	–	–	–	0.2	(3.0)	(2.8)
Total comprehensive income	**–**	**–**	**–**	**–**	**122.0**	**(3.0)**	**119.0**
Purchase of own shares (note 20)	–	–	–	(14.5)	–	–	(14.5)
Share-based payment charge (note 21)	–	–	–	–	3.5	–	3.5
Share-based payments	–	–	–	2.8	(2.8)	–	–
Tax on items credited to equity	–	–	–	–	(0.5)	–	(0.5)
Tax on vested shares moved to current tax	–	–	–	–	0.5	–	0.5
Total other transactions	**–**	**–**	**–**	**(11.7)**	**0.7**	**–**	**(11.0)**
Balance at 30 April 2023	**3.0**	**147.1**	**(2.2)**	**(18.4)**	**337.0**	**2.8**	**469.3**

	Note	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**121.8**	**101.0**
Adjustments for:			
Depreciation of property, plant and equipment	11	32.3	27.6
Depreciation of right-of-use assets	12	50.3	40.6
Amortisation of intangible assets	10	3.2	2.5
Impairment of property, plant and equipment	11	0.4	–
Reversal of impairment of property, plant and equipment – exceptionals	11	(0.5)	(0.4)
Reversal of impairment of right-of-use assets – exceptionals	12	(0.2)	–
Gain on lease disposal	12	–	(0.1)
Loss on disposal of property, plant and equipment	11	0.8	1.5
Gain on lease modifications	12	(1.3)	(0.8)
Share-based payment charge	21	3.5	3.2
Finance income	7	(0.9)	(0.1)
Finance costs	7	24.0	16.0
Exceptional finance costs	4	0.7	–
Taxation	8	33.0	25.2
Increase in inventory		(51.5)	(50.6)
Decrease/(increase) in debtors		1.5	(6.4)
Increase in creditors, provisions and pensions		22.1	27.4
Cash generated from operations		**239.2**	**186.6**
Pension scheme contributions	19	(0.7)	(0.7)
Tax paid		(26.6)	(15.6)
Total net cash generated from operating activities		**211.9**	**170.3**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets:			
Property, plant and equipment additions	11	(75.0)	(41.0)
Intangible asset additions	10	(2.7)	(2.2)
Movement on capital expenditure accrual		7.1	(0.8)
Cash outflow from purchase of non-current assets		**(70.6)**	**(44.0)**
Acquisition of subsidiaries net of cash acquired	24	(24.9)	(44.1)
Total net cash outflow from investing activities		**(95.5)**	**(88.1)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of own shares	20	(21.3)	–
Payment of capital element of leases	12	(42.0)	(40.8)
Payment of interest element of leases	12	(17.2)	(12.2)
Interest paid		(5.6)	(2.7)
Interest received		0.9	–
Net cash outflow from financing activities		**(85.2)**	**(55.7)**
Net increase in cash and cash equivalents		**31.2**	**26.5**
Cash and cash equivalents at the beginning of the period		105.9	76.1
Exchange (losses)/gains on cash and cash equivalents		(0.7)	3.3
Cash and cash equivalents at the end of period		**136.4**	**105.9**
Comprised of:			
Cash at bank and in hand	15	**120.7**	**95.4**
Cash in transit	15	**15.7**	**10.5**
Cash and cash equivalents at end of period		**136.4**	**105.9**

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Watches of Switzerland Group PLC (the 'Company') is a public limited company, limited by shares, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The address of the registered office is Aurum House, 2 Elland Road, Braunstone, Leicester, LE3 1TT. The Company and its subsidiaries together form the Group.

The principal activity of the Group is the retailing of luxury watches and jewellery, both in showrooms and online. At the balance sheet date, the Group was trading from 146 UK and Europe based showrooms, and 47 US based showrooms. The Group mainly trades under five prestigious brands: Watches of Switzerland (UK and US), Mappin & Webb (UK), Goldsmiths (UK), Mayors (US) and Betteridge (US), with a complementary jewellery offering.

The Consolidated Financial Statements are presented in Pounds Sterling (£), which is the Group's presentational currency, and are shown in £millions to one decimal place.

BASIS OF PREPARATION

The Consolidated Financial Statements include the financial statements of the Company and its subsidiary undertakings made up to 30 April 2023. A subsidiary is an entity that is controlled by the parent. The financial year represents the 52 weeks to 30 April 2023 (prior financial year 52 weeks to 1 May 2022). The financial year-end date is determined to be the Sunday closest to 30 April each year.

The Financial Statements are prepared in accordance with UK adopted international accounting standards. The Consolidated Financial Statements have been prepared under the historical cost convention except for pension assets which are measured at fair value.

GOING CONCERN

The Directors consider that the Group has, at the time of approving the Consolidated 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 £170.0 million in available committed facilities, of which £120.0 million was drawn down. Net cash at this date was £16.4 million with liquidity headroom (defined as unrestricted cash plus undrawn available facilities) of £171.6 million. The $60.0 million US Asset Backed Loan (ABL) expired in April 2023, and the main UK bank facility of £170.0 million was due to expire in June 2024.

Refinancing

On 9 May 2023 the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date. As a result, the going concern assessment has been carried out using the new £225.0 million facility now in place.

The key covenant tests attached to the Group's facilities, are a measure of net debt to EBITDA and the Fixed Charge Cover Ratio (FCCR) at each April and October. The new £225.0 million facility covenants are in line with those previously used, notably on a pre-IFRS 16 basis and excluding share-based payment costs. Net debt to EBITDA is defined as the ratio of total net debt at the reporting date to the last 12 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. At 30 April 2023 the Group comfortably satisfied the covenant tests with net debt to EBITDA being less than 3 and the FCCR exceeding 1.6.

In assessing whether the going concern basis of accounting is appropriate, the Directors have reviewed various trading scenarios for the period to 31 October 2024 from the date of this report. These included:

- The budget approved by the Board in May 2023. The budget assumes that the more challenging trading environment of the second half of FY23 will continue into the first half of FY24. Further key assumptions include:
  - A continued strong luxury watch market in the UK and US
  - Revenue forecast supported by expected luxury watch supply
  - Increased cost base in line with macroeconomic environment and environmental targets

The budget aligns to the Guidance given on page 12. Under this budget, the Group has significant liquidity and comfortably complies with all covenant tests to 31 October 2024.

- Reverse stress-testing of cash flows during the going concern period was performed. This determined what level of reduced EBITDA and worst case cash flows would result in a breach of the liquidity or covenant tests. The likelihood of this level of reduced EBITDA is considered remote.
  - Severe but plausible scenarios of:
    - 10% reduction in sales against the budget due to reduced consumer confidence and lower disposable income due to the cost-of-living crisis. This scenario did not include cost mitigations which are given below
    - The realisation of material risks detailed within the Principal Risks and Uncertainties on pages 116 to 121 and environmental risks highlighted on pages 98 to 101

Under these scenarios the net debt to EBITDA and the FCCR covenants would be complied with. Should trading be worse than the outlined severe but plausible scenarios, the Group has the following mitigating actions within management's control:

- Reduction of marketing spend
- Reduction in the level of stock purchases
- Restructuring of the business with headcount and showroom operations savings
- Redundancies and pay freezes
- Reducing the level of planned capex and potential acquisition spend

As a result of the above analysis, including potential severe but plausible scenarios, the Board believes that the Group is able to adequately manage its financing and principal risks, and that the Group will be able to operate within the level of its facilities and meet the required covenants for the period to 31 October 2024. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing the Consolidated Group Financial Statements.

CLIMATE CHANGE

In preparing the Consolidated Financial Statements management has considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to 31 October 2024 nor the viability of the Group over the next three years (refer to the Viability Statement on page 123).

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.

The presentational format of Exceptional Items has changed since the prior period. Exceptional items are no longer presented in a columnar format in the Consolidated Financial Statements.

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' APMs.

The key APMs that the Group uses include: Net margin, Adjusted EBITDA, Adjusted EBIT and Adjusted Earnings Per Share. These APMs are set out in the Glossary on pages 230 to 231, including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant.

The Group makes certain adjustments to the statutory profit measures in order to derive many of these APMs. The Group's policy is to exclude items that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operating costs of the Group. Treatment as an adjusting item provides stakeholders with additional useful information to assess the year-on-year trading performance of the Group but should not be considered in isolation of statutory measures.

FOREIGN CURRENCIES

The Consolidated Financial Statements are presented in Pounds Sterling (£), which is the Group's presentational currency, and are shown in £millions to one decimal place. The Group includes foreign entities whose functional currencies are not Pounds Sterling (£). On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the balance sheet date and income and expenses are translated at average rates during the period. Translation differences are recognised in other comprehensive income.

Transactions in currencies other than an entity's functional currency are recorded at the exchange rate on the transaction date, whilst assets and liabilities are translated at exchange rates at the balance sheet date. Exchange differences are recognised in the Consolidated Income Statement.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Makers (CODMs). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer and Chief Financial Officer of the Group. The CODMs review the key profit measures Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Adjusted Earnings Before Interest and Tax (EBIT), both shown pre-exceptional items and IFRS 16.

REVENUE

The Group is in the business of selling luxury watches and jewellery and providing ongoing services to our customers, such as repairs and servicing. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

In determining the transaction price for the sale of goods, the Group considers the existence of significant financing components.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Sale of goods – retail

Sales of goods are recognised when a Group entity sells a product to the customer and control of the goods is transferred to the customer. Retail sales are usually settled in cash or by card. It is the Group's policy to sell its products to the retail customer with a right to return within 14 days for a cash refund and 30 days for a product exchange. The Group does not operate any loyalty programmes.

Where sales are made on credit provided by a third party, revenue is recognised immediately on sale of the product and control has been passed to the customer. The Group offers Interest Free Credit on certain goods and the cost of this product is netted against revenue.

Sale of goods – online

Revenue from the sale of goods on the internet is recognised at the point that control has passed to the customer, which is the point of delivery. Transactions are settled by credit or payment card. Where sales are made on credit provided by a third party, revenue is recognised when control has been passed to the customer, on delivery.

Rendering of services

Revenue from a contract to provide services, such as product repairs and servicing, is recognised in the period in which the services are provided. Revenue is recognised when the following conditions are satisfied:

- The amount of revenue can be measured reliably
- It is probable that the Group will receive the consideration due under the contract
- The service has been completed and
- Control of the good is passed back to the customer

Contract balances – customer deposits and gift cards

A customer deposit or gift card liability is the obligation to transfer goods or services to a customer for which the Group has received consideration. If consideration is received before the Group transfers goods or services to the customer, revenue is deferred and a customer deposit or gift card liability is recognised. Customer deposits and gift cards are recognised as revenue when the customer is passed control of the goods.

Gift card redemptions are estimated on the basis of historical redemptions and are reviewed regularly and updated to reflect management's best estimate of patterns of redemption. The estimated non-redemption is recognised in revenue based on historical redemptions.

Cost of sales

Included within cost of sales are any items which are directly attributable to the sale of goods and services. This includes the cost of bringing inventory into a condition to sell, wages and salaries, depreciation on land and buildings and fittings and equipment and other costs directly attributable to the cost of selling goods and services.

Insurance contracts

The Group issues contracts that transfer insurance risk which are classified as insurance contracts. This activity is completed through the Aurum Insurance (Guernsey) Limited subsidiary which is fully consolidated. The Group manages its risk via its underwriting strategy within its overall risk management framework.

Commission income is earned in showrooms through the sale of insurance policies by Watches of Switzerland Company Limited. Premiums are earned from the date of the attachment of risk, over the indemnity period, based on the pattern of risks underwritten. The earned portion of premiums written is recognised as revenue. Unearned premium represents the proportion of premiums written which is estimated to be earned in future financial years, calculated separately for each insurance contract using the daily pro-rata method.

Claims and claims handling expenses are recognised as incurred based on the estimated cost of settling all liabilities arising on events occurring up to the balance sheet date.

Share-based payments

Some employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The fair value of the equity-settled awards is calculated at grant date using a Black-Scholes model. The resulting cost is charged in the Consolidated Income Statement over the vesting period of the option or award and is regularly reviewed and adjusted for the expected and actual number of options or awards vesting. This applies to LTIP Awards, Deferred Share Bonus Schemes, Share Saving Schemes, and Free Share Awards.

Service and non-service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions that have not been met.

The social security contributions payable in connection with the award of the share options is determined at each balance sheet date as a liability with the total cost recognised in the Consolidated Income Statement over the vesting period.

Own shares held

Own shares represent the shares of Watches of Switzerland Group PLC that are held in an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach which, in substance, accounts for the trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

Taxation

Taxation, comprised of current and deferred tax, is charged or credited to the Consolidated Income Statement unless it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity.

Current tax liabilities are measured at the amount expected to be paid, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method and is calculated using rates of taxation enacted or substantively enacted at the balance sheet date which are expected to apply when the asset or liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised in respect of investments in subsidiaries where the reversal of any taxable temporary differences can be controlled and are unlikely to reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 'Financial Instruments', is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amount to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets

Research and development

Expenditure on research activities is recognised in the Consolidated Income Statement as an expense as incurred.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the Consolidated Income Statement as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

The cost of intangible assets acquired in a business combination is capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. Software is measured initially at acquisition cost or costs incurred to develop the asset. Following initial recognition, software is carried at cost less accumulated amortisation. Assets are amortised on a straight-line basis over their estimated useful lives of three to five years.

Cloud software licence agreements

Licence agreements to use cloud software are treated as service contracts and expensed in the Consolidated Income Statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Consolidated Income Statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

Amortisation

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of intangible assets. Amortisation is recognised wholly within cost of sales. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	3 to 5 years
Brands	5 to 30 years
Agency agreements	10 years

The bases for choosing these useful lives are:

- Brand longevity considering brand history and market awareness
- Agency agreements considering the longevity of the agreements in place with a major supplier

The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

1. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Management accounts for property, plant and equipment under the cost basis of IAS 16 'Property, plant and equipment', rather than applying the alternative (revaluation) treatment. The cost of property, plant and equipment includes directly attributable costs.

Depreciation is provided on the cost of all other assets (except assets in the course of construction), so as to write off the cost, less residual value, on a straight-line basis over the expected useful economic life of the assets concerned, as follows:

Land and buildings	Lease period
Fittings and equipment	3 to 10 years

Useful lives and residual values are reviewed at each balance sheet date and revised where expectations are significantly different from previous estimates. In such cases, the depreciation charge for current and future periods is adjusted accordingly. The impact of climate change on asset lives has also been considered in the period. Asset lives are not affected by climate actions taking place.

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any impairment loss arises, the asset is adjusted to its estimated recoverable amount and the difference is recognised in the Income Statement.

Property, plant and equipment and other non-current assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of an asset or a cash-generating unit (CGU) is not recoverable. A CGU is the smallest identifiable group of assets that generate independent cash flows which are monitored by management and the CODMs. The Group consider this to be an individual showroom location or office. CGUs are grouped for the purposes of allocating goodwill where the CGU group is expected to benefit from synergies, such as sharing of centralised functions and management. Goodwill allocated to groups of CGUs is tested annually for impairment and whenever there is an indication that the goodwill may be impaired.

Impairment testing is performed at several levels and applied in the order set out by IAS 36 'Impairment of assets'. Impairment testing is first applied to the assets within a CGU where the value of assets held by the CGU are compared to the recoverable value. Impairment testing is then performed at a higher level which compares the value of goodwill to the recoverable value of the associated group of CGUs.

Trade and other receivables

Trade receivables represent outstanding customer balances less an allowance for Expected Credit Losses (ECLs). Trade receivables are recognised when the Group becomes party to the contract which happens when the goods are received and controlled by the end user. They are derecognised when the rights to receive the cash flows have expired e.g. due to the settlement of the outstanding amount or where the Group has transferred substantially all the risks and rewards associated with that contract. Other receivables are stated at invoice value less an allowance for ECLs. Trade and other receivables are subsequently measured at amortised cost as the business model is to collect contractual cash flows and the debt meets the Solely Payment of Principal and Interest (SPPI) criterion.

Expected credit losses

The Group recognises an allowance for ECLs for customer and other receivables. IFRS 9 'Financial instruments' requires a provision to be recognised on origination of a customer advance, based on its ECL.

The Directors have taken the simplification available under IFRS 9 5.5.15 which allows the loss amount in relation to a trade receivable to be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. This simplification is permitted where there is either no significant financing component (such as customer receivables where the customer is expected to repay the balance in full prior to interest accruing) or where there is a significant financing component (such as where the customer expects to repay only the minimum amount each month), but the Directors make an accounting policy choice to adopt the simplification. Adoption of this approach means that Significant Increase in Credit Risk (SICR) and Date of Initial Recognition (DOIR) concepts are not applicable to the Group's ECL calculations.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Trade and other receivables are only written off when the Group has exhausted all options to recover the amounts due and provided for in full when there is no reasonable expectation of recovery, which is the Group's definition of default.

The assessment of credit risk and the estimation of ECL are required to be unbiased, probability-weighted and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward looking aspect of IFRS 9 requires considerable judgement as to how changes in economic factors affect ECLs.

ECL charges in respect of customer receivables are recognised in the Consolidated Income Statement within cost of sales.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables and goods for resale are recognised on an average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cash and cash equivalents

In the Consolidated Balance Sheet, cash and cash equivalents includes cash in hand, cash in transit, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash in transit largely comprises amounts receivable on credit cards where the transaction has been authorised but the funds have yet to clear the bank. These balances are considered to be highly liquid, with minimal risk of default, and are typically received in less than three days.

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 amount 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 amount is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit scheme, recognised in the Consolidated Income Statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current period, benefit changes, curtailments and settlements. Past-service costs are recognised immediately in the Consolidated Income Statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. This cost is included in employee benefit expense in the Consolidated Income Statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. Where the Group has an unconditional right to a refund, it recognises an asset measured as the amount of the surplus at the balance sheet date that is has a right to receive as a refund.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

The Group does not hold any derivative instruments in either the current or prior period.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL). The classification is based on two criteria:

- The Group's business model for managing the assets; and
- Whether the instruments' contractual cash flows represent 'Solely Payments of Principal and Interest' on the principal amount outstanding (the SPPI criterion)

A summary of the Group's financial assets is as follows:

Financial assets	Classification under IFRS 9
Trade and other receivables (excluding prepayments)	Amortised cost – held to collect as business model and SPPI met
Cash and short-term deposits	Amortised cost

Under IFRS 9 the Group initially measures a financial asset at its fair value plus directly attributable transaction costs, unless the asset is classified as FVPL. Transactional costs of financial assets carried at FVPL are expensed in the Consolidated Income Statement.

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate (EIR) method. The amortised cost is reduced by impairment losses. Interest income, impairment or gain or loss on derecognition are recognised in profit or loss.

Derecognition

A financial asset is derecognised primarily when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either a) the Group has transferred substantially all the risks and rewards of the asset, or b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Group recognises an allowance for ECLs for all debt instruments not held at FVPL. The most significant financial assets of the Group are its trade receivables. ECLs are calculated in accordance with the accounting policies set out above.

Financial liabilities

Initial recognition and measurement

The Group has classified its financial liabilities as follows:

Financial liabilities	Classification under IFRS 9
Interest-bearing loans and borrowings	Amortised cost
Trade and other payables (excluding accrued income)	Amortised cost

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

A summary of the subsequent measurement of financial liabilities is set out below:

Financial liabilities at FVPL	Subsequently measured at fair value. Gains and losses are recognised in the Consolidated Income Statement
Interest-bearing loans and borrowings	Subsequently measured at amortised cost using the EIR method. The EIR amortisation is included in finance costs in the Income Statement
Trade and other payables (excluding accrued income)	Subsequently measured at amortised cost

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Income Statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention and ability to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Leases

The Group's lease portfolio is principally comprised of property leases in relation to Watches of Switzerland, Mappin & Webb, Goldsmiths, Mayors and Betteridge showrooms, mono-brand boutiques and central offices. The leases typically run for terms between five and 20 years and may include break clauses or options to renew beyond the non-cancellable periods. The majority of the Group's lease payments are subject to market review, usually every five years, with a number of leases which have annual increases dependent on economic indices. Some lease agreements include rental payments which are contingent on the turnover of the property to which it relates. These payments are excluded from the calculation of the lease liabilities under IFRS 16 'Leases'.

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease under IFRS 16. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

1. ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease liability – initial recognition

The Group recognises right-of-use assets and lease liabilities at the lease commencement date. The lease liabilities are initially measured at the present value of the lease payments that are not yet paid at the commencement date, less any incentives receivable, discounted using the determined incremental borrowing rate applicable to the lease.

Lease payments in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives
- Variable lease payments such as those that depend on an index or rate (such as RPI), initially measured using the index or rate at the commencement date; and
- Penalty payments for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The Group discount lease payments to their present value, using its Incremental Borrowing Rate (IBR) at the lease commencement date. 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 2.1% to 7.4%.

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 the Consolidated Income Statement.

Right-of-use assets – initial recognition

Right-of-use assets are initially measured at cost, which is an amount equal to the corresponding lease liabilities adjusted for any lease payments made at or before the commencement date, dilapidation provisions required, less any lease incentives received. The Group has elected to apply the exemption for short-term leases (leases with a term of less than one year) and low-value assets under IFRS 16, as such not recognising a right-of-use asset and lease liability on the Balance Sheet, but recognising lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Where the Group has an obligation for costs to restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 'Provisions, contingent liabilities and contingent assets'. The estimated costs are included in the related right-of-use asset. Initial direct costs (lease acquisition costs), incurred subsequently to the initial date of application, have been included within the right-of-use asset.

Right-of-use assets – subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liabilities. Depreciation is calculated on a straight-line basis over the expected useful economic life of a lease which is taken as the lease term.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following standards, amendments and interpretations were applicable for the period beginning 2 May 2022 and were adopted by the Group for the 52-week period ended 30 April 2023. They have not had a significant impact on the Group's profit for the year, equity or disclosures:

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

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 1 May 2023 onwards, which the Group has adopted early:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1

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 1 May 2023 onwards, which the Group has not adopted early:

- IFRS 17 'Insurance Contracts'
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

IFRS 17 'Insurance Contracts' applies to the Group in relation to the reinsurance of contracts to Aurum Insurance (Guernsey) Limited. A materiality assessment is taking place, however it is not anticipated that the standard will have a material impact on the Group's Consolidated Financial Statements.

The adoption of other standards and amendments noted is not expected to have a material impact on the Group's Consolidated Financial Statements.

Major sources of estimation uncertainty and judgement

The preparation of consolidated financial information requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Actual results may differ from these estimates.

Significant estimates

Estimates and underlying assumptions are reviewed by management on an ongoing basis, with revisions recognised in the period in which the estimates are revised and in any future period affected.

The areas involving significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

Post-employment benefit obligations

The Group's accounting policy for the defined benefit pension scheme requires management to make judgements as to the nature of benefits provided by each scheme and thereby determine the classification of each scheme. For the defined benefit scheme, management is required to make annual estimates and assumptions about future returns on classes of scheme assets, future remuneration changes, employee attrition rates, administration costs, changes in benefits, inflation rates, life expectancy and expected remaining periods of service of employees and the determination of the pension cost and defined benefit obligation of the Group's defined benefit pension scheme depends on the selection of these assumptions. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. Sensitivity of the Group's defined benefit scheme to movements in key assumptions is set out in note 19.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value, on a weighted average cost basis. Provisions are recognised where the net realisable value is assessed to be lower than cost. The calculation of this provision requires estimation of the eventual sales price and sell-through of goods to customers in the future. A 20% reduction in the showroom sell-through of slow moving stock would impact the net realisable value by c.£3.4m.

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 strategic plan period, the long-term growth rate to be applied beyond this period and the risk-adjusted pre-tax discount rate used to discount those cash flows. The key assumptions relate to sales growth rates and discount rates used to discount the cash flows. Climate risk and near-term environmental actions that the Group is taking, have been considered in future cash flows used in the impairment review. This includes unavoidable future costs such as price increases, together with the cost of mitigating climate risks, and consideration of quantified climate-related risks on future cash flows. Showroom related property, plant and equipment and right-of-use assets are tested for impairment at a showroom-by-showroom level, including an allocation of overheads related to showroom operations. Sensitivity of the key assumptions in relation to impairment are included in note 11.

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 2.1% to 7.4%.

Substantive substitution rights (IFRS 16)

The Group has applied judgement to three (2022: 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 Chief Operating Decision Makers (CODMs) and how they are measured for the purposes of covenant testing. Both Adjusted EBITDA and Adjusted EBIT are APMs and these measures provide stakeholders with additional useful information to assess the year-on-year trading performance of the Group but should not be considered in isolation of statutory measures.

Adjusted EBITDA represents profit for the period before finance costs, finance income, taxation, depreciation, amortisation, exceptional items presented in the Group's Consolidated Income Statement (consisting of exceptional administrative expenses, exceptional finance costs and exceptional impairment) on a pre-IFRS 16 basis. UK and Europe operating segments are aggregated into one reporting segment, which is reflective of the management structure in place.

	52 week period ended 30 April 2023			
	UK and Europe £m	US £m	Corporate £m	Total £m
Revenue	**889.9**	**652.9**	**–**	**1,542.8**
Net margin	330.0	246.3	–	**576.3**
Less:				
Showroom costs	(153.6)	(125.6)	–	**(279.2)**
Overheads	(47.8)	(30.9)	(5.4)	**(84.1)**
Showroom opening and closing costs	(7.3)	(3.4)	(0.9)	**(11.6)**
Adjusted EBITDA	**121.3**	**86.4**	**(6.3)**	**201.4**
Depreciation, amortisation, impairment and loss on disposal of assets	(23.2)	(13.1)	–	**(36.3)**
Segment profit/(loss)*	**98.1**	**73.3**	**(6.3)**	**165.1**
Impact of IFRS 16 (excluding interest on leases)				**13.7**
Net finance costs				**(23.1)**
Exceptional finance costs (note 4)				**(0.7)**
Exceptional reversal of impairment of assets (note 4)				**0.7**
Exceptional administrative costs (note 4)				**(0.9)**
Profit before taxation for the financial period				**154.8**

* Segment profit/(loss) is defined as being Earnings Before Interest, Tax, exceptional items and IFRS 16 adjustments (Adjusted EBIT). The segment reporting comparative has been updated to show the new UK and Europe segment.

	52 week period ended 1 May 2022			
	UK and Europe £m	US £m	Corporate £m	Total £m
Revenue	**809.6**	**428.4**	**–**	**1,238.0**
Net margin	306.8	163.8	–	**470.6**
Less:				
Showroom costs	(145.3)	(81.4)	–	**(226.7)**
Overheads	(41.7)	(22.6)	(9.0)	**(73.3)**
Showroom opening and closing costs	(5.3)	(3.1)	–	**(8.4)**
Adjusted EBITDA	**114.5**	**56.7**	**(9.0)**	**162.2**
Depreciation, amortisation, impairment and loss on disposal of assets	(23.2)	(8.7)	–	**(31.9)**
Segment profit/(loss)*	**91.3**	**48.0**	**(9.0)**	**130.3**
Impact of IFRS 16 (excluding interest on leases)				**13.4**
Net finance costs				**(15.9)**
Exceptional reversal of impairment of assets (note 4)				**0.4**
Exceptional administrative costs (note 4)				**(2.0)**
Profit before taxation for the financial period				**126.2**

* Segment profit/(loss) is defined as being Earnings Before Interest, Tax, exceptional items and IFRS 16 adjustments (Adjusted EBIT). The segment reporting comparative has been updated to show the new UK and Europe segment.

Entity-wide revenue disclosures

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
UK AND EUROPE		
Luxury watches	749.6	663.9
Luxury jewellery	67.8	72.4
Other/services	72.5	73.3
Total	**889.9**	**809.6**
US		
Luxury watches	586.5	382.6
Luxury jewellery	51.4	36.4
Other/services	15.0	9.4
Total	**652.9**	**428.4**
GROUP		
Luxury watches	1,336.1	1,046.5
Luxury jewellery	119.2	108.8
Other/services	87.5	82.7
Total	**1,542.8**	**1,238.0**

'Other/services' consists of the sale of fashion and classic watches and jewellery, the sale of gifts, servicing, repairs and product insurance.

Information regarding geographical areas, including revenue from external customers, is disclosed above.

No single customer accounted for more than 10% of revenue in any of the financial periods noted above.

2. SEGMENT REPORTING (CONTINUED)

Entity-wide non-current asset disclosures

	30 April 2023 £m	1 May 2022 £m
UK AND EUROPE		
Goodwill	121.6	121.6
Intangible assets	5.0	4.8
Property, plant and equipment	100.2	68.7
Right-of-use assets	244.0	191.0
Total	**470.8**	**386.1**
US		
Goodwill	61.2	43.5
Intangible assets	12.6	13.3
Property, plant and equipment	54.2	43.8
Right-of-use assets	115.1	102.6
Total	**243.1**	**203.2**
GROUP		
Goodwill	182.8	165.1
Intangible assets	17.6	18.1
Property, plant and equipment	154.4	112.5
Right-of-use assets	359.1	293.6
Total	**713.9**	**589.3**

The prior period balances have been restated, in line with IFRS 3 'Business combinations', to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge'). Further detail is disclosed within note 24.

3. REVENUE

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

	52 week period ended 30 April 2023		
	Sale of goods £m	Rendering of services £m	Total £m
UK and Europe	855.4	34.5	889.9
US	641.2	11.7	652.9
Total	**1,496.6**	**46.2**	**1,542.8**

	52 week period ended 1 May 2022		
	Sale of goods £m	Rendering of services £m	Total £m
UK and Europe	777.5	32.1	809.6
US	420.1	8.3	428.4
Total	**1,197.6**	**40.4**	**1,238.0**

4. EXCEPTIONAL ITEMS

Exceptional items are those that in the judgement of the Directors need to be separately disclosed by virtue of their size, nature or incidence, in order to draw the attention of the reader and to show the underlying business performance of the Group. Such items are included within the Income Statement caption to which they relate and are separately disclosed on the face of the Consolidated Income Statement.

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
EXCEPTIONAL IMPAIRMENT OF ASSETS		
Reversal of impairment of property, plant and equipment (note 11)[i]	0.5	0.4
Reversal of impairment of right-of-use assets (note 12)[i]	0.2	–
Total exceptional reversal of impairment of assets	**0.7**	**0.4**
EXCEPTIONAL ADMINISTRATIVE EXPENSES		
Professional and legal expenses on business combinations[ii]	(0.9)	(0.5)
EXCEPTIONAL ITEMS FOR IPO		
Share-based payment in respect of the Chief Executive Officer[iii]	–	(1.5)
Total exceptional administrative costs	**(0.9)**	**(2.0)**
EXCEPTIONAL FINANCE COSTS		
Amortisation of capitalised transaction costs[iv]	(0.7)	–
Total exceptional items	**(0.9)**	**(1.6)**

(i) Reversal of impairment of property, plant and equipment and right-of-use assets

During FY23 the estimated 'value-in-use' recoverable amounts were reassessed taking into account FY23 performance and the latest discounted cash flow for each showroom. As a result of improved trading of showrooms previously impaired through exceptional items, an impairment reversal of £0.7m has been made at the year-end.

(ii) Professional and legal expenses on business combinations

Professional and legal expenses on business combinations completed during the periods have been expensed to the Consolidated Income Statement as an exceptional cost as they are regarded as non-trading, non-underlying costs and are considered to be material by nature.

(iii) Exceptional items for IPO

Prior to the IPO on 31 May 2019, the CEO was granted a one-off share option award by the principal selling shareholder, over a portion of their shareholding, in recognition of his contribution to the Company up to Admission and to ensure ongoing incentivisation and retention in his role following the IPO.

(iv) Amortisation of capitalised transaction costs

On 9 May 2023 the Group entered into a new financing arrangement by way of a £225.0 million multicurrency revolving loan facility. On this date the existing £120.0 million UK Term Loan and UK RCF of £50.0 million were extinguished. The capitalised transaction fees in relation to the existing facilities have been accelerated through exceptional items.

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

5. OPERATING PROFIT

Group operating profit for continuing operations is stated after charging the below items:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Depreciation of property, plant and equipment (note 11)	(32.3)	(27.6)
Amortisation of intangible assets (note 10)	(3.2)	(2.5)
Depreciation of right-of-use assets (note 12)	(50.3)	(40.6)
Impairment of property, plant and equipment (note 11)	(0.4)	–
Reversal of impairment of property, plant and equipment – exceptional items (note 11)	0.5	0.4
Reversal of impairment of right-of-use assets – exceptional items (note 12)	0.2	–
Inventory recognised as an expense	(972.2)	(774.4)
Write down of inventories to net realisable value	(2.2)	(0.9)
FEES PAYABLE TO THE GROUP'S EXTERNAL AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
Audit of these financial statements	(0.6)	(0.5)
Audit related assurance services	(0.1)	(0.1)
	(0.7)	**(0.6)**

6. EMPLOYEES AND DIRECTORS

Staff costs for continuing operations recognised in operating profit for the Group during the period:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Wages and salaries	126.2	104.7
Social security costs	10.4	8.6
Share-based payments including exceptional costs (note 21)	3.5	3.2
Share-based payments social security costs	0.5	1.1
Pensions costs – defined contribution schemes (note 19)	3.1	2.1
Pensions costs – defined benefit scheme (note 19)	0.2	0.2
Total	**143.9**	**119.9**

Average number of people (including Executive Directors) employed:

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
Retail staff	2,010	1,756
Services staff	103	94
Administrative staff	665	583
Total	**2,778**	**2,433**

Average Full Time Equivalents (FTE) (including Executive Directors) employed:

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
Retail staff	1,898	1,604
Services staff	99	91
Administrative staff	646	558
Total	**2,643**	**2,253**

Further disclosure of the amounts paid to key management is included within note 23.

7. FINANCE COSTS AND INCOME

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
FINANCE COSTS		
Interest payable on long-term borrowings	(5.6)	(2.9)
Interest payable on short-term borrowings	(0.4)	(0.1)
Amortisation of capitalised transaction costs	(0.8)	(0.7)
Interest on lease liabilities (note 12)	(17.2)	(12.2)
Net interest expense on net defined benefit liabilities (note 19)	–	(0.1)
Total finance costs	**(24.0)**	**(16.0)**
FINANCE INCOME		
Bank interest receivable	0.9	–
Net foreign exchange gain on financing activities	–	0.1
Total finance income	**0.9**	**0.1**
Total net finance cost excluding exceptional items	**(23.1)**	**(15.9)**

On 4 June 2019, the Group entered into a facility consisting of a Term Loan for £120.0m and a RCF of £50.0m. Interest on the Term Loan, which was fully drawn as at 30 April 2023, was charged at SONIA plus a Credit Adjustment Swap (CAS) charge to compensate for the LIBOR change to SONIA plus 1.75% margin (PY: LIBOR plus 1.75%). The Group is charged at SONIA plus CAS plus 1.50% on the RCF if the facility was drawn down (PY: LIBOR plus 1.50%). The margin on the Term Loan ranges from 1.75% to 2.80% and the RCF ranges from 1.50% to 2.55% based on the leverage of the Group. The Term Loan facility is unsecured and is cross guaranteed by subsidiary entities.

Short-term borrowings consist of the RCF noted above and a $60.0m asset backed lending (ABL) facility held in US Dollars. The ABL facility expired in April 2023 and during the period, interest was charged at US LIBOR plus the margin which ranged from 1.25% to 1.75%. At 30 April 2023 amounts outstanding on the UK revolving credit facility totalled £nil (2022: £nil).

After the period end, on 9 May 2023, the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date.

8. TAXATION

Tax charge for the period

The tax charge for the period is shown below. Tax is made up of current and deferred tax. Current tax is the amount payable on the taxable income in the period and any adjustments to tax payable in previous periods.

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
CURRENT TAX:		
Current UK tax on profits for the period	13.0	14.2
Current US tax on profits for the period	16.5	7.0
Adjustments in respect of prior periods – UK	(1.8)	(0.4)
Adjustments in respect of prior periods – US	0.2	0.2
Total current tax	**27.9**	**21.0**
DEFERRED TAX:		
Origination and reversal of temporary differences	5.7	5.8
Impact of change in tax rate	(0.5)	(1.5)
Adjustments in respect of prior periods	(0.1)	(0.1)
Total deferred tax	**5.1**	**4.2**
Tax expense reported in the Income Statement	**33.0**	**25.2**

8. TAXATION (CONTINUED)

Factors affecting the tax charge in the period

The tax rate for the current period varied from the standard rate of corporation tax in the UK due to the following factors:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Profit before taxation	154.8	126.2
Notional taxation at standard UK corporation tax rate of 19.5% (2022: 19%)	30.2	24.0
Non-deductible expenses	1.4	1.3
Super-deduction on fixed assets	(1.9)	(0.7)
Overseas tax differentials	4.6	2.4
Current/deferred tax rate difference on current year movements*	0.9	–
Adjustments due to deferred tax rate change**	(0.5)	(1.5)
Adjustments in respect of prior periods	(1.7)	(0.3)
Tax expense reported in the Income Statement	**33.0**	**25.2**

*This relates to an increase in the current year deferred tax movement as compared to the estimate included in FY22.

**The deferred tax rate change arose due to the blended US state tax increasing in FY23 (to 7.0% from 4.3%). In FY22 the difference arose due to the increase in the UK rate of corporation tax (to 25% from 19%).

Tax recognised in other comprehensive income

In addition to the amount charged to the Consolidated Income Statement, tax movements recognised in other comprehensive income were as follows:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
CURRENT TAX:		
Foreign exchange difference on translation of foreign operations	0.1	(1.2)
DEFERRED TAX:		
Pension benefit obligation	(0.1)	(0.2)
Tax charge in other comprehensive income	**–**	**(1.4)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences that arise when the carrying value of assets and liabilities differs between accounting and tax treatments. Deferred tax assets represent the amounts of income taxes recoverable in the future in respect of those differences, while deferred tax liabilities represent the amounts of income taxes payable in the future in respect of those differences.

The deferred tax is made up of:

	30 April 2023 £m	1 May 2022 £m
Deferred tax assets	6.2	9.3
Deferred tax liabilities	(3.0)	(0.4)
Total	**3.2**	**8.9**

		30 April 2023 £m	1 May 2022 £m
Accelerated capital allowances	(i)	(9.8)	(3.3)
Non-trade tax losses	(ii)	1.2	1.2
Pension benefit obligations	(iii)	–	0.1
Trade tax losses	(iv)	2.7	2.1
Deferred tax on leases (IFRS 16)	(v)	5.5	4.7
Share-based payments	(vi)	4.0	3.7
Intangible assets	(vii)	(2.5)	(2.7)
Other temporary difference	(viii)	2.1	3.1
Total		**3.2**	**8.9**

The material amounts are explained below:

(i) The Group has a deferred tax liability for property, plant, equipment and computer software (advanced capital allowances) due to bonus depreciation in the US and the availability of the super deduction in the UK, reducing the tax value of the assets.

(ii) Non-trade tax losses not utilised as they arise are available for offset against non-trade income in future years.

(iii) The defined benefit pension scheme is in surplus. The surplus will be taxed in future years as it is recovered. In FY22 the Company contributions exceeded the amounts charged to pension scheme assets during the year.

(iv) The trade tax losses relate to US losses that will be used based on restricted amounts in accordance with US tax legislation.

(v) The deferred tax on leases relates to future deductions arising from IFRS 16 adjustments.

(vi) The asset for share-based payments relates to the market value of the shares accrued at the balance sheet date which will be deductible when the shares vest.

(vii) The liability for intangible assets relates mainly to US goodwill that is deductible for tax purposes and as such the tax value reduces in value compared to the book value.

(viii) Other temporary differences relate to timing differences whereby costs have been added back in the year but will be deductible in a later year, principally in the US.

The deferred tax movement in the period is as follows:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Balance at 2 May 2022	8.9	14.4
RECOGNISED IN THE INCOME STATEMENT:		
Accelerated capital allowances	(6.5)	(2.4)
Pension benefit obligations	–	(0.2)
Movement on unused tax losses	0.6	(2.0)
Non-trade losses available in future years	–	(0.3)
Deferred tax on leases (IFRS 16)	0.8	0.7
Share-based payments	0.8	(0.3)
Intangible fixed assets	0.2	(0.4)
Other temporary differences	(1.0)	0.7
RECOGNISED IN OTHER COMPREHENSIVE INCOME:		
Pension benefit obligations	(0.1)	(0.2)
RECOGNISED DIRECTLY WITHIN EQUITY:		
Share-based payments	(0.5)	(1.1)
Balance at 30 April 2023	**3.2**	**8.9**

The prior period balances have been restated, in line with IFRS 3 'Business combinations', to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge'). Further detail is disclosed within note 24.

Non-trade losses available in future years have no expiry date and have been fully recognised. They will be fully utilised against future non-trade profits as and when they arise. In addition to the deferred tax items above, the Group has additional unrecognised gross non-trading tax losses of £4.2m (2022: £4.2m). These are unrecognised as it is uncertain as to whether the losses will be capable of utilisation. There is no expiry date applicable to the use of these losses.

9. EARNINGS PER SHARE (EPS)

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
BASIC		
EPS	**51.2p**	**42.2p**
EPS adjusted for exceptional items	51.5p	42.6p
EPS adjusted for exceptional items and pre-IFRS 16	52.7p	41.8p
DILUTED		
EPS	**50.9p**	**42.0p**
EPS adjusted for exceptional items	51.2p	42.4p
EPS adjusted for exceptional items and pre-IFRS 16	52.3p	41.6p

Basic EPS is based on the profit for the year attributable to the equity holders of the Parent Company divided by the weighted average number of shares.

Diluted EPS is calculated by adjusting the weighted average number of shares used for the calculation of basic EPS as increased by the dilutive effect of potential ordinary shares.

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

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Profit after tax attributable to equity holders of the Parent Company	121.8	101.0
ADD BACK:		
Exceptional reversal of impairment of assets, net of tax	(0.6)	(0.4)
Exceptional administrative expenses, net of tax	0.7	1.5
Exceptional finance costs, net of tax	0.6	–
Profit adjusted for exceptional items	**122.5**	**102.1**
Pre-exceptional IFRS 16 adjustments, net of tax	2.7	(2.0)
Profit adjusted for exceptional items and IFRS 16	**125.2**	**100.1**

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

	52 week period ended 30 April 2023	52 week period ended 1 May 2022
WEIGHTED AVERAGE NUMBER OF SHARES:	'000	'000
Weighted average number of ordinary shares in issue	237,641	239,483
Weighted average shares for basic EPS	**237,641**	**239,483**
Weighted average dilutive potential shares	1,713	1,119
Weighted average shares for diluted EPS	**239,354**	**240,602**

The weighted average number of shares takes into account the weighted average effect of changes in own shares during the period. There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these Consolidated Financial Statements.

10. INTANGIBLE ASSETS

	30 April 2023				
	Goodwill £m	Brands £m	Agency agreement £m	Computer software £m	Total £m
COST					
At 2 May 2022	165.1	14.0	2.8	10.5	192.4
Acquired on business acquisition (note 24)	18.2	–	–	–	18.2
Additions	–	–	–	2.7	2.7
Foreign exchange differences	(0.5)	–	–	–	(0.5)
At 30 April 2023	**182.8**	**14.0**	**2.8**	**13.2**	**212.8**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 2 May 2022	–	2.9	1.3	5.0	9.2
Charge for the period	–	0.6	0.3	2.3	3.2
At 30 April 2023	**–**	**3.5**	**1.6**	**7.3**	**12.4**
NET BOOK VALUE					
At 30 April 2023	**182.8**	**10.5**	**1.2**	**5.9**	**200.4**
At 1 May 2022	165.1	11.1	1.5	5.5	183.2

	1 May 2022				
	Goodwill £m	Brands £m	Agency agreement £m	Computer software £m	Total £m
COST					
At 3 May 2021	135.4	10.7	2.5	8.8	157.4
Additions	–	–	–	2.2	2.2
Acquired on business acquisition (note 24)	26.7	2.2	–	–	28.9
Disposals	–	–	–	(0.6)	(0.6)
Foreign exchange differences	3.0	1.1	0.3	0.1	4.5
At 1 May 2022	**165.1**	**14.0**	**2.8**	**10.5**	**192.4**
ACCUMULATED AMORTISATION AND IMPAIRMENT					
At 3 May 2021	–	2.2	0.9	3.7	6.8
Charge for the period	–	0.4	0.3	1.8	2.5
Disposals	–	–	–	(0.6)	(0.6)
Foreign exchange differences	–	0.3	0.1	0.1	0.5
At 1 May 2022	**–**	**2.9**	**1.3**	**5.0**	**9.2**
NET BOOK VALUE					
At 1 May 2022	**165.1**	**11.1**	**1.5**	**5.5**	**183.2**
At 2 May 2021	135.4	8.5	1.6	5.1	150.6

The prior period balances have been restated, in line with IFRS 3 'Business combinations', to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge'). Further detail is disclosed within note 24.

The Brand category is formed of intangible assets recognised on the business combinations of Mayors Jewelers, Analog:Shift LLC, and Betteridge.

As at 30 April 2023, the Mayors Jewelers' brand had a remaining useful economic life of 25 (2022: 26) years, the Analog:Shift brand had a remaining useful economic life of 2 (2022: 3) years, and the Betteridge brand had a remaining useful life of 9 (2022: 10) years.

The Agency agreement category is solely formed of the intangible assets recognised on the business combination in relation to the showrooms within the Wynn Resorts, acquired in December 2017. As at 30 April 2023, the Agency agreements had a remaining useful economic life of 5 (2022: 6) years.

10. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

As noted within the accounting policies (note 1), goodwill is allocated between groups of Cash Generating Units (CGUs) for the purposes of impairment testing. CGUs are grouped due to sharing centralised functions and management, and this represents the smallest identifiable group of assets that generate independent cash flows that are monitored by management and the Chief Operating Decision Makers (CODMs).

Goodwill is monitored by management based on the categories set out below. Goodwill relating to the Heritage CGU consists of the Goldsmiths, Mappin & Webb and Watches of Switzerland businesses (included in the UK segment) which were purchased as part of the acquisition of Watches of Switzerland Group Limited (formerly Aurum Holdings Limited) in the period to 4 May 2014. Goodwill relating to the Watches of Switzerland (US) CGU consists of a number of US acquisitions which trade as Watches of Switzerland.

A summary of the groups of CGUs and allocation of goodwill held by the Group is presented below:

	30 April 2023 £m	1 May 2022 £m
Heritage (UK)	121.6	121.6
Watches of Switzerland (US)	24.0	6.3
Betteridge (US)	21.9	21.9
Mayors Jewelers (US)	12.1	12.1
The Wynn Resorts (US)	3.0	3.0
Analog:Shift (US)	0.2	0.2
Total	**182.8**	**165.1**

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 UK used a long-term growth rate of 2.0% (2022: 2.0%) and a pre-tax discount rate of 13.7% (2022: 11.3%), and the US used a long-term growth rate of 2.0% (2022: 2.0%) and a pre-tax discount rate of 13.0% (2022: 11.4%). Using these assumptions, no sales growth was required to support the asset values.

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 ongoing uncertainties in the global economy, management have considered increased sensitivities. Despite this, management have concluded that there are no reasonably possible changes in any key assumptions that would cause the carrying amount of goodwill to exceed the value-in-use.

11. PROPERTY, PLANT AND EQUIPMENT

	30 April 2023		
	Land and buildings £m	Fittings and equipment £m	Total £m
COST			
At 2 May 2022	2.7	202.4	205.1
Additions	–	75.0	75.0
Disposals	(0.2)	(12.4)	(12.6)
Foreign exchange differences	–	(0.6)	(0.6)
At 30 April 2023	**2.5**	**264.4**	**266.9**
ACCUMULATED DEPRECIATION			
At 2 May 2022	1.8	90.8	92.6
Charge for the period	0.1	32.2	32.3
Impairment	–	0.4	0.4
Reversal of impairment – exceptional items	–	(0.5)	(0.5)
Disposals	(0.2)	(11.6)	(11.8)
Foreign exchange differences	–	(0.5)	(0.5)
At 30 April 2023	**1.7**	**110.8**	**112.5**
NET BOOK VALUE			
At 30 April 2023	**0.8**	**153.6**	**154.4**
At 1 May 2022	0.9	111.6	112.5

	1 May 2022		
	Land and buildings £m	Fittings and equipment £m	Total £m
COST			
At 3 May 2021	3.3	162.7	166.0
Additions	–	41.0	41.0
Acquired on business acquisition (note 24)	–	2.8	2.8
Disposals	(0.6)	(9.5)	(10.1)
Foreign exchange differences	–	5.4	5.4
At 1 May 2022	**2.7**	**202.4**	**205.1**
ACCUMULATED DEPRECIATION			
At 3 May 2021	1.8	70.5	72.3
Charge for the period	0.3	27.3	27.6
Impairment/(reversal of impairment)	0.1	(0.1)	–
Reversal of impairment – exceptional items	–	(0.4)	(0.4)
Disposals	(0.4)	(8.2)	(8.6)
Foreign exchange differences	–	1.7	1.7
At 1 May 2022	**1.8**	**90.8**	**92.6**
NET BOOK VALUE			
At 1 May 2022	**0.9**	**111.6**	**112.5**
At 2 May 2021	1.5	92.2	93.7

Expenditure on assets in the course of construction at 30 April 2023 was £39.0m (2022: £12.8m). The cost of assets which continue to be used that have a £nil net book value (excluding impaired assets) total £23.7m (2022: £14.6m).

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment of property, plant and equipment and right-of-use assets

For impairment testing purposes, a CGU is defined as the smallest identifiable group of assets that generate independent cash flows which are monitored by management and the Chief Operating Decision Makers (CODMs). The Group consider this to be an individual showroom location or office. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment have been identified.

The value-in-use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a three-year period, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth. Cash flows beyond this three-year period are extrapolated using a long-term growth rate based on management's future expectations, with reference to forecast GDP growth. These growth rates do not exceed the long-term growth rate for the Group's operations in the relevant territory.

The key assumptions in the value-in-use calculations are the growth rates of sales and gross profit margins, long-term growth rates and the risk-adjusted pre-tax discount rates. Pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium and a risk adjustment (beta). The pre-tax discount rates are 13.7% in the UK and 13.0% in the US. Pre-tax discount rates are used to discount pre-tax cash flows. The post-tax discount rates, calculated in the same manner as the pre-tax discount rates, are 10.9% in the UK to 10.8% in the US.

During the period, the Group recognised an impairment charge of £0.4m relating to property, plant and equipment. Also during the period, the Group recognised an impairment reversal of £0.5m through exceptional items in relation to property, plant and equipment and right-of-use assets following an improvement in showroom performance. The Group reviewed the profitability of its showroom network, taking into account the potential future impact on consumer demand and increased costs. At 30 April 2023 all showroom asset values are supported by their value-in-use recoverable amount.

As disclosed in the accounting policies (note 1), the cash flows used within the impairment model are based on assumptions which are sources of estimation uncertainty and small movements in these assumptions could lead to further impairments. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in these key assumptions across the showroom portfolio.

Sales growth rates are in line with the growth rate in the Guidance issued (given on page 12). 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 £0.8m. A 2.0% increase in the discount rate would increase the impairment charge by £0.5m. 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 £1.3m. Reasonably possible changes of the other assumptions would have no further significant impact on the impairment charge.

12. LEASES

Group as a lessee

Right-of-use assets have been grouped into two groups being Properties and Other. Properties are defined as land and buildings leased for our showrooms and offices which are generally leased for between five and ten years with some office buildings leased for longer. Other leases are mainly motor vehicles which are in general leased for four years. There are several lease contracts that include extension and termination options and variable lease payments. Management assess the lease term at inception based on facts and circumstances applicable to each property including the period over which the investment appraisal was initially considered.

Management review the retail lease portfolio on an ongoing basis, taking into account retail performance and future trading expectations. In certain instances, management may exercise break options, negotiate lease reductions or decide not to negotiate a lease extension at the end of the lease term. The most significant factor impacting future lease payments are the changes management choose to make to the showroom portfolio.

A number of the retail property leases incur payments based on a percentage of revenue achieved at the location. Changes in future variable lease payments will typically reflect changes in the Group's retail revenues. In line with IFRS 16, variable lease payments which are not linked to an index are not included in the lease liability.

The Group also has certain leases with lease terms of 12 months or less and leases of office equipment with low-value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-use assets

	Properties £m	Other £m	Total £m
At 2 May 2022	292.8	0.8	293.6
Additions	101.0	0.7	101.7
Lease surrenders and breaks	(9.6)	–	(9.6)
Reversal of impairment – exceptional items	0.2	–	0.2
Depreciation	(49.9)	(0.4)	(50.3)
Leases renewed during the period	14.7	–	14.7
Lease modifications and expansions	10.1	–	10.1
Foreign exchange differences	(1.3)	–	(1.3)
At 30 April 2023	**358.0**	**1.1**	**359.1**

Right-of-use assets (continued)

	Properties £m	Other £m	Total £m
At 3 May 2021	253.2	0.5	253.7
Additions	32.2	0.6	32.8
Lease surrenders and breaks	(0.2)	(0.1)	(0.3)
Depreciation	(40.4)	(0.2)	(40.6)
Leases renewed during the period	36.9	–	36.9
Lease modifications and expansions	3.0	–	3.0
Foreign exchange differences	8.1	–	8.1
At 1 May 2022	**292.8**	**0.8**	**293.6**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liabilities

	Properties £m	Other £m	Total £m
At 2 May 2022	(339.9)	(0.7)	(340.6)
Additions	(98.6)	(0.7)	(99.3)
Lease surrenders and breaks	10.4	–	10.4
Interest	(17.2)	–	(17.2)
Leases renewed during the period	(14.3)	–	(14.3)
Lease modifications and expansions	(9.7)	–	(9.7)
Payments	58.8	0.4	59.2
Foreign exchange differences	1.1	–	1.1
At 30 April 2023	**(409.4)**	**(1.0)**	**(410.4)**

Lease liabilities

	Properties £m	Other £m	Total £m
At 3 May 2021	(300.9)	(0.5)	(301.4)
Additions	(31.6)	(0.6)	(32.2)
Lease surrenders and breaks	0.3	0.1	0.4
Interest	(12.2)	–	(12.2)
Leases renewed during the period	(35.3)	–	(35.3)
Lease modifications and expansions	(3.0)	–	(3.0)
Payments	52.7	0.3	53.0
Foreign exchange differences	(9.9)	–	(9.9)
At 1 May 2022	**(339.9)**	**(0.7)**	**(340.6)**

12. LEASES (CONTINUED)

The following are the amounts recognised in the Consolidated Income Statement:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Depreciation expense of right-of-use assets	(50.3)	(40.6)
Interest expense on lease liabilities	(17.2)	(12.2)
Gain on lease disposal	–	0.1
Reversal of impairment of right-of-use assets	0.2	–
Gain on lease modifications	1.3	0.8
Expense relating to short-term leases (included within cost of sales)	(0.7)	(0.4)
Variable lease payments (included within cost of sales)	(7.0)	(7.0)
Total amount recognised in the Consolidated Income Statement	**(73.7)**	**(59.3)**

Rental expense for contracts not in the scope of IFRS 16 totalled £3.5m (2022: £3.2m). Contracts not in the scope of IFRS 16 are contracts that were considered to be leases under IAS 17 which do not meet the definition under IFRS 16, principally because the supplier is considered to have substantive substitution rights over the associated assets.

Total cash flows in relation to leases, as defined in IFRS 16, in the 52-week period ended 30 April 2023 are £67.9m (2022: £56.8m). This relates to payments of £42.0m (2022: £40.8m) of lease principal, £17.2m (2022: £12.2m) of lease interest, £8.0m (2022: £3.4m) of variable lease payments and £0.7m (2022: £0.4m) 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:

	30 April 2023 £m	1 May 2022 £m
Within 1 year	63.1	58.5
Between 1 and 2 years	67.9	56.1
Between 2 and 3 years	63.4	53.8
Between 3 and 4 years	59.7	47.3
Between 4 and 5 years	57.4	43.6
Total for the periods thereafter	192.4	139.8
Total	**503.9**	**399.1**

As at 30 April 2023, 11 (2022: 10) leases have cash flows that exceed ten years. The value of undiscounted cash flows greater than ten years totals £15.7m (2022: £14.5m).

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 £7.9m (2022: £4.5m).

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 53.8% of leases will be subject to rent reviews in future periods with rental changes linked rent reviews which typically occur on a five-yearly basis. The Group is committed to payments totalling £82.1m (2022: £51.1m) in relation to leases that have been agreed but have not yet commenced and as such, do not form part of the lease liability balance and are not included within the maturity analysis above.

Impairment of right-of-use assets

The Group has incurred a net impairment reversal of £0.2m (2022: £nil) in the year in relation to right-of-use assets. Refer to note 11 for further disclosure relating to impairment of non-current assets including right-of-use assets.

13. TRADE AND OTHER RECEIVABLES

	30 April 2023		1 May 2022	
	Current £m	Non-current £m	Current £m	Non-current £m
Trade receivables	6.6	–	5.1	–
Other receivables	5.5	2.1	9.0	2.7
Allowance for expected credit losses	(0.3)	–	(0.2)	–
	11.8	**2.1**	**13.9**	**2.7**
Prepayments	5.9	–	5.7	–
Total	**17.7**	**2.1**	**19.6**	**2.7**

Included within trade receivables are amounts receivable from third parties which provide credit arrangements with our customers. Prepayments relate mainly to prepaid property rates and service charges and insurance prepayments, and other receivables relate mainly to supplier incentives receivable. There are no material differences between the fair values and book values stated above.

Movements on the allowance for expected credit losses (ECLs) for impairment of trade and other receivables are as follows:

	30 April 2023 £m	1 May 2022 £m
Opening balance	0.2	0.2
Increase in allowance – cost of sales	0.1	0.1
Receivables written off during the period as uncollectable	–	(0.1)
Balance at period end	**0.3**	**0.2**

14. INVENTORIES

	30 April 2023 £m	1 May 2022 £m
Finished goods	352.3	300.8
Work in progress	3.7	1.8
Inventories	**356.0**	**302.6**

The prior period balances have been restated, in line with IFRS 3 'Business combinations', to reflect the finalisation of the provisional fair values of Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge'). Further detail is disclosed within note 24.

15. CASH AND CASH EQUIVALENTS

	30 April 2023 £m	1 May 2022 £m
Cash at bank and in hand	120.7	95.4
Cash in transit	15.7	10.5
Cash and cash equivalents	**136.4**	**105.9**

Included in cash and cash equivalents is restricted cash of £14.8m (2022: £13.8m). Restricted cash is defined as cash controlled by the Group but which is not freely useable by the Group in day-to-day operations. £14.1m (2022: £9.6m) 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 30 April 2023, the Group has £0.7m (2022: £4.2m) held in escrow, whereby the cash is restricted, relating to a business combination.

16. TRADE AND OTHER PAYABLES

	30 April 2023		1 May 2022	
	Current £m	Non-current £m	Current £m	Non-current £m
Trade payables	(128.6)	–	(112.4)	–
Other taxation and social security	(14.0)	–	(7.2)	–
Accruals and deferred income	(76.1)	(0.9)	(80.5)	(1.3)
Total	**(218.7)**	**(0.9)**	**(200.1)**	**(1.3)**

Trade payables do not bear interest and are generally settled within 30 to 60 days. Accruals and deferred income do not bear interest.

17. PROVISIONS

	30 April 2023		1 May 2022	
	Current £m	Non-current £m	Current £m	Non-current £m
Dilapidations	(1.8)	(6.0)	(1.0)	(4.1)
	(1.8)	**(6.0)**	**(1.0)**	**(4.1)**

Movement of dilapidations provision

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Opening balance	(5.1)	(3.3)
Charged to Income Statement	(3.0)	(2.1)
Utilised	0.3	0.3
Balance at period end	**(7.8)**	**(5.1)**

The dilapidations provision comprises obligations for showroom or office 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.

18. BORROWINGS

	30 April 2023 £m	1 May 2022 £m
NON-CURRENT		
Term Loan	(120.0)	(120.0)
Associated capitalised transaction costs	–	1.4
Total borrowings	**(120.0)**	**(118.6)**

Detail on the Group's borrowing is given in note 7.

Analysis of net debt

	1 May 2022 £m	Cash flow £m	Non-cash changes[1] £m	Foreign exchange £m	30 April 2023 £m
Cash and cash equivalents	105.9	31.2	–	(0.7)	136.4
Term Loan	(120.0)	–	–	–	(120.0)
Net debt excluding capitalised transaction costs (pre-IFRS 16)	**(14.1)**	**31.2**	**–**	**(0.7)**	**16.4**
Capitalised transaction costs	1.4	–	(1.4)	–	–
Net debt (pre-IFRS 16)	**(12.7)**	**31.2**	**(1.4)**	**(0.7)**	**16.4**
Lease liabilities	(340.6)	59.2	(130.1)	1.1	(410.4)
Total net debt	**(353.3)**	**90.4**	**(131.5)**	**0.4**	**(394.0)**

1 Non-cash charges are principally a release of capitalised finance costs and lease liability interest charges, additions and revisions.

Cash and cash equivalents consist of cash at bank and in hand of £120.7m (2022: £95.4m) and cash in transit of £15.7m (2022: £10.5m).

On 9 May 2023 the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date.

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 2022 and April 2023 were fully met.

19. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined contribution schemes

The Group operates two (2022: two) separate UK defined contribution pension schemes. A defined contribution scheme called the Watches of Switzerland Company Limited Pension Scheme which is a Group Personal Pension (GPP) scheme and a second scheme also called the Watches of Switzerland Company Limited Pension Scheme which is a defined contribution multi-employer occupational pension scheme. The Group operates two (2022: two) separate US defined contribution pension schemes, one called The Mayors Jewelers Inc. Scheme and a second called The Watches of Switzerland Scheme.

During the period to 30 April 2023, the pension charge for the period represents contributions payable by the Group to these schemes and amounted to £3.1m (2022: £2.1m). The Group has no legal or constructive obligation to pay further contributions to the fund once the contributions have been paid. Members' benefits are determined by the amount of contributions paid by the Group and the member, together with investment returns earned on the contributions arising from the performance of each individual's chosen investments and the type of pension the member chooses to buy at retirement. As a result, actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested in will not perform in line with expectations) fall on the employee. The assets of the schemes are held separately from the assets of the Group in trustee administered funds.

Defined benefit scheme

The Group operates a defined benefit scheme, the Aurum Retirement Benefits Scheme. The pension scheme operates under the regulatory framework of The Occupational Pension Schemes Regulations 1996. This is an approved funded pension scheme. Defined benefit arrangements entitle employees to retirement benefits based on their final salary and length of service at the time of leaving the scheme, payable on attainment of retirement ages (or earlier death). The assets of the scheme are held separately from the assets of the Group in trustee administered funds. Contributions to the scheme are assessed in accordance with the advice of a qualified independent actuary. As a result of the valuation at 5 April 2020, contributions of £0.7m per annum are being paid to the scheme until 5 April 2028, however, this will be reassessed upon the next triennial valuation in 2023. The Group is expecting to make total contributions of approximately £0.7m in the 52-week period ended 28 April 2024.

By operating its defined benefit pension scheme, the Group is exposed to the risk that the cost of meeting its obligations is higher than anticipated. This could occur for several reasons, for example:

- Investment returns on the scheme's assets may be lower than anticipated, especially if falls in asset values are not matched by similar falls in the value of the scheme's liabilities
- The level of price inflation may be higher than that assumed, resulting in higher payments from the scheme
- Scheme members may live longer than assumed, for example due to unanticipated advances in medical healthcare. Members may also exercise (or not exercise) choices in a way that leads to increases in the scheme's liabilities, for example through early retirement or commutation of pension for cash
- Legislative changes could also lead to an increase in the scheme's liabilities
- The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields. If scheme assets underperform this yield, this will create a deficit. The Group believes that due to the long-term nature of the scheme liabilities, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the scheme efficiently
- A decrease in corporate bond yields will increase scheme liabilities, although that will be partially offset by an increase in the value of the scheme's bond holdings

This scheme was closed on 28 February 2002 to new employees. There are no (2022: nil) employees within the scheme. The latest full actuarial valuation was carried out at 5 April 2020 and was updated for IAS 19 'Employee benefits' purposes to 30 April 2023 by a qualified independent actuary.

Income Statement

The components of the net defined benefit expense recognised in the Consolidated Income Statement are as follows:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Administrative expenses	(0.2)	(0.2)
Charge within labour costs and operating profit	**(0.2)**	**(0.2)**
Defined benefit charge to the Consolidated Income Statement	**(0.2)**	**(0.2)**
Defined contribution schemes	(3.1)	(2.1)
Total charge to the Consolidated Income Statement	**(3.3)**	**(2.3)**

Other comprehensive income

The components of the net defined benefit expense recognised in other comprehensive income are as follows:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Actuarial gains due to liability financial assumption changes	5.1	1.6
Experience adjustment	(0.5)	–
Loss on scheme assets greater than discount rate	(4.3)	(0.2)
Actuarial gain recognised in other comprehensive income	**0.3**	**1.4**

19. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONTINUED)

Balance Sheet valuation

The net defined benefit pension amount recognised in the Consolidated Balance Sheet is analysed as follows:

	30 April 2023 £m	1 May 2022 £m
Diversified Growth Funds	9.6	18.0
Liability Driven Investment (LDI)	4.4	–
Cash	(0.2)	(0.1)
Fair value of scheme assets	**13.8**	**17.9**
Present value of benefit obligations	(13.7)	(18.5)
Net pension asset/(liability)	**0.1**	**(0.6)**

Scheme obligations

Changes in the present value of defined benefit pension obligations are analysed as follows:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Opening defined benefit obligation	(18.5)	(20.6)
Interest cost	(0.6)	(0.4)
Actuarial gains on defined benefit obligation	4.7	1.7
Benefits paid	0.7	0.8
Closing defined benefit obligation	**(13.7)**	**(18.5)**

Scheme assets

Changes in the fair value of scheme assets were as follows:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Opening scheme assets	17.9	18.0
Expected return on scheme assets	0.5	0.4
Actuarial losses on pension scheme assets	(4.4)	(0.2)
Employer contributions	0.7	0.7
Benefits paid	(0.7)	(0.8)
Administrative expenses	(0.2)	(0.2)
Closing scheme assets	**13.8**	**17.9**

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 Aurum Retirement Benefits Scheme's investment strategy was reviewed in early 2022 and the Trustees agreed to implement a de-risked strategy targeting full funding on a prudent self-sufficiency type basis over the medium term. During the period, the Trustees appointed Schroders as their new investment manager with a mandate to invest 30% of the Scheme's assets in Liability Driven Investment (LDI) and 70% invested in a diversified growth fund. The LDI allocation is around 3 times leveraged and therefore targets around 100% interest rate and inflation hedging of the Scheme's liabilities. The Trustees expect the revised strategy to provide funding level stability, even during volatile market conditions. The strategy will be kept under review and the Trustees expect to implement further de-risking as part of future valuation cycles. All asset transfers took place during the period.

Principal assumptions

The IAS 19 (accounting) valuation of the defined benefit obligation was undertaken by an external qualified actuary as at 30 April 2023 using the projected unit credit method. The principal actuarial assumptions used in the valuation were as follows:

	30 April 2023	1 May 2022
Discount rate	4.75%	3.00%
Rate of future inflation – RPI	3.20%	3.70%
Rate of future inflation – CPI	2.60%	3.10%
Rate of increase in pensions in payment	3.15%	3.60%
Proportion of employees opting for a cash commutation	100.0%	100.0%

	30 April 2023		1 May 2022	
	Pensioner aged 65	Non-pensioner aged 45	Pensioner aged 65	Non-pensioner aged 45
Life expectancy at age 65 (years):				
Male	21	23	21	23
Female	23	25	23	25

The post-retirement mortality assumptions allow for expected increases to life expectancy. The life expectancies quoted for members currently aged 40 assume that they retire at age 65 (i.e. 25 years after the balance sheet date). The 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 2021 (2022: CMI 2020) series with a long-term trend towards 1.0% (2022: 1.0%) per annum.

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 16 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 (2022: 0.2% per annum).

The rate of consumer price inflation (CPI) is set at 0.6% lower (2022: 0.6% lower) than the assumption for retail price inflation, reflecting the long-term expected gap between the two indices.

Sensitivity analysis

The impact on the defined benefit obligation to changes in the financial and demographic assumptions is shown below:

	30 April 2023 £m	1 May 2022 £m
0.25% increase in discount rate	0.6	0.8
0.25% decrease in discount rate	(0.6)	(0.8)
0.25% increase in pension growth rate	(0.3)	(0.6)
0.25% decrease in pension growth rate	0.3	0.6
1 year increase in life expectancy	(0.4)	(0.6)
1 year decrease in life expectancy	0.4	0.6

20. EQUITY

	Nominal value £	Shares	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m
As at 1 May 2022	0.0125	239,570,297	3.0	147.1	(2.2)	(6.7)
Purchase of own shares	–	–	–	–	–	(14.5)
Share-based payments	–	–	–	–	–	2.8
As at 30 April 2023	**0.0125**	**239,570,297**	**3.0**	**147.1**	**(2.2)**	**(18.4)**

Share capital

239,570,297 ordinary shares of £0.0125 nominal value.

Share premium account

This reserve represents the amount of proceeds received for shares in excess of their nominal value of £0.0125 per share.

Merger reserve

This reserve arose as a consequence of a Group reorganisation which inserted the Company as the Parent Company of the Group.

Foreign exchange reserve

This reserve represents the cumulative effect of foreign exchange differences in relation to the retranslation of the Group's subsidiaries which are denominated in a currency other than the Group's reporting currency of Pounds Sterling (£).

Other reserves

During the period the Group purchased £14.5m of own shares to satisfy employee share incentive schemes. The total cash outflow, including shares purchased and accrued in the prior period, was £21.3m. The shares were purchased by an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach, which in substance, accounts for the Trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

21. SHARE-BASED PAYMENTS

During the period to 30 April 2023, the Group operated five (2022: six) separate share-based payment schemes.

The Group has granted a number of different equity-based awards to employees which it has determined to be share-based payments as detailed below.

Long Term Incentive Plan (LTIP)

The LTIP is a discretionary executive share plan under which the Board may grant options over shares in Watches of Switzerland Group PLC, subject to Adjusted EPS and Return on Capital Employed (ROCE) performance conditions. 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:

	30 April 2023	1 May 2022
Outstanding at 2 May 2022	1,958,038	1,794,125
Granted	413,589	402,739
Exercised	(315,041)	–
Forfeited	(189,924)	(238,826)
Outstanding at 30 April 2023	**1,866,662**	**1,958,038**

Exercisable price	£nil	£nil
Exercisable at 30 April 2023	606,454	nil
Average fair value at grant	£4.37	£4.27

Deferred Bonus Plan (DBP)

The DBP is a discretionary bonus plan under which the Board may issue one-third of a bonus in the form of conditional share awards in Watches of Switzerland Group PLC. The annual bonus is linked to annual earnings targets. Two-thirds of the bonus is settled in cash. The remaining third of the bonus is deferred as share options and accounted for as an equity-settled share-based payment. These deferred shares are subject to a three-year vesting period with no additional performance conditions. Deferred shares are awarded as nil-cost options.

Details of the share options outstanding are as follows:

	30 April 2023	1 May 2022
Outstanding at 2 May 2022	247,455	160,039
Change in FY21 number of shares granted*	–	(32,886)
Change in FY22 number of shares granted*	53,611	–
Granted*	106,056	126,252
Exercised	(20,872)	–
Forfeited	(7,643)	(5,950)
Outstanding at 30 April 2023	**378,607**	**247,455**

Exercisable price	£nil	£nil
Exercisable at 30 April 2023	12,863	11,867
Average fair value at grant	£8.24	£9.74

* The share price at which the number of shares granted under the DBP scheme is calculated is not confirmed until after the date of the approval of the Annual Report and Accounts. The maximum number of DBP shares granted during the period is therefore estimated using the year-end closing share price and trued up at the date of grant.

Save As You Earn (SAYE) (UK)/Employee Stock Purchase Plan (ESPP) (US)

The Company operates a SAYE scheme for UK, and ESPP scheme for US employees. Options were granted at the prevailing market rate on 14 February 2022, less a discount of 15%, and are exercisable after three years (UK employees) and two years (US employees) from the date of grant. The scheme permits a maximum saving of £500 (or US equivalent at the time of invitation) per month out of taxed income. SAYE/ESPP options are accounted for as an equity-settled award under IFRS 2.

Details of the share options outstanding are as follows:

	30 April 2023	1 May 2022
Outstanding at 2 May 2022	480,636	–
Granted	–	485,698
Forfeited	(113,377)	(5,062)
Outstanding at 30 April 2023	**367,259**	**480,636**

Exercisable price	£nil	£nil
Exercisable at 30 April 2023	nil	nil
Average fair value at grant	£10.80	£10.80

FY22 Free share issue

During FY22 the Group issued 50 free shares to all colleagues who were employed by the Group on 15 December 2021. Employees must remain employed for a period of three years to earn the shares. The UK shares are administered through a Share Incentive Plan. The US shares are issued under the LTIP and subject to the Employee Benefit Trust. The Trust results are consolidated by the Group.

Details of the share options outstanding are as follows:

	30 April 2023	1 May 2022
Outstanding at 2 May 2022	112,050	–
Granted	–	120,850
Forfeited	(19,350)	(8,800)
Outstanding at 30 April 2023	**92,700**	**112,050**

Exercisable price	£nil	£nil
Exercisable at 30 April 2023	nil	nil
Average fair value at grant	£12.66	£12.66

Former Chief Financial Officer Buy-out award (CFO)

Two buy-out share options were granted to the former CFO when joining the Group to replace those in place at his previous employment. The awards were translated into Group shares at the share price on the date of joining. Performance conditions for the first award have been met and have been part exercised in the period.

Details of the share option movements are as follows:

	30 April 2023	1 May 2022
Outstanding at 2 May 2022	38,835	–
Granted	–	38,835
Exercised	(1,721)	–
Lapsed	(35,392)	–
Outstanding at 30 April 2023	**1,722**	**38,835**

Exercisable price	£nil	£nil
Exercisable at 30 April 2023	nil	nil
Average fair value at grant	£14.20	£14.20

21. SHARE-BASED PAYMENTS (CONTINUED)

Charged to the Consolidated Income Statement

The amounts recognised in the Consolidated Income Statement within administrative expenses (excluding employer's national insurance) in relation to these schemes were as follows:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
LTIP	1.9	1.9
DBP	0.7	0.7
Former CFO	(0.1)	0.1
SAYE/ESPP	0.7	0.1
Free shares	0.3	0.1
CEO – exceptional expenses (note 4)	–	0.3
	3.5	**3.2**

Fair value of share schemes

The fair value of equity-settled share options and share awards granted is estimated at the date of grant using share option valuation models. The schemes are valued using the Black-Scholes model.

The following tables list the inputs to the models for options and share-based payment costs during the year:

	LTIP				DBP			SAYE/ESPP	CFO
	30 Apr 2023	1 May 2022	2 May 2021	26 Apr 2020	30 Apr 2023	1 May 2022	2 May 2021	1 May 2022	1 May 2022
Share price (£)	£7.51	£9.42	£3.20	£2.70	£8.32	£7.51	£9.42	£10.80	£14.20
Exercise price (£)	nil	nil	nil	nil	nil	nil	nil	nil	nil
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (%)	3.72%	0.61%	0.57%	0.78%	3.71%	0.66%	0.57%	0.05%	0.41%
Expected life of share option	3 yrs	3 yrs	3 yrs	3 yrs	4 yrs	4 yrs	4 yrs	UK 3 yrs US 2 yrs	2 yrs

The Group did not enter into any share-based payment transactions with parties other than employees during the current period.

22. FINANCIAL INSTRUMENTS

Categories

	30 April 2023 £m	1 May 2022 £m
FINANCIAL ASSETS – HELD AT AMORTISED COST		
Trade and other receivables*	13.9	16.6
Cash and cash equivalents	136.4	105.9
Total financial assets	**150.3**	**122.5**
FINANCIAL LIABILITIES – HELD AT AMORTISED COST		
Interest-bearing loans and borrowings:		
Term Loan (net of capitalised transaction costs)	(120.0)	(118.6)
Trade and other payables**	(193.8)	(174.3)
	(313.8)	**(292.9)**
Lease liability (IFRS 16)	(410.4)	(340.6)
Total financial liabilities	**(724.2)**	**(633.5)**

* Excludes prepayments of £5.9m (2022: £5.7m) that do not meet the definition of a financial instrument.

** Trade payables excludes customer deposits of £7.9m (2022: £12.4m) and deferred income of £17.9m (2022: £14.7m) that do not meet the definition of a financial instrument.

Fair values

At 30 April 2023, the fair values of each category of the Group's financial instruments are materially the same as their carrying values in the Group's Balance Sheet based on either their short maturity or, in respect of long-term borrowings, interest being incurred at a floating rate.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk and capital management framework and for establishing the Group's risk management policies.

The Group has exposure to the following risks arising from financial instruments:

– Liquidity risk

– Interest rate risk

– Credit risk

– Currency risk

– Capital risk

No significant changes were made in the objectives, policies and processes for managing capital during the years ended 30 April 2023 and 1 May 2022.

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:

	30 April 2023			
	Less than one year £m	Between one and five years £m	Greater than five years £m	Total £m
Term Loan	(2.9)	(120.0)	–	(122.9)
Trade and other payables	(192.9)	(0.9)	–	(193.8)
Lease liabilities (IFRS 16)	(63.1)	(248.4)	(192.4)	(503.9)
Total	**(258.9)**	**(369.3)**	**(192.4)**	**(820.6)**

	1 May 2022			
	Less than one year £m	Between one and five years £m	Greater than five years £m	Total £m
Term Loan	(3.5)	(124.0)	–	(127.5)
Trade and other payables	(173.0)	(1.3)	–	(174.3)
Lease liabilities (IFRS 16)	(58.5)	(200.8)	(139.8)	(399.1)
Total	**(235.0)**	**(326.1)**	**(139.8)**	**(700.9)**

As at 30 April 2023, 11 (2022: 10) leases have cash flows that exceed ten years. The value of undiscounted cash flows greater than ten years totals £15.7m (2022: £14.5m).

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.

22. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk – sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected.

The analysis has been prepared using the assumptions that:

– For floating rate assets and liabilities, the amount of the asset or liability outstanding at the balance sheet date is assumed to have been outstanding for the whole period

– Fixed rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis

With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Interest rate increase of 0.5%	(0.6)	(0.6)
Interest rate decrease of 0.5%	0.6	0.6

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:

	30 April 2023 £m	1 May 2022 £m
Not past due	5.7	3.5
Less than one month past due	0.5	0.6
One to two months past due	0.2	0.3
More than two months past due	0.2	0.7
Total	**6.6**	**5.1**

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:

	30 April 2023			
	Sterling £m	US Dollar £m	Other £m	Total £m
FINANCIAL ASSETS				
Trade and other receivables	7.4	6.3	0.2	13.9
Cash and cash equivalents	91.2	44.0	1.2	136.4
Total financial assets	**98.6**	**50.3**	**1.4**	**150.3**
FINANCIAL LIABILITIES				
Term Loan	(120.0)	–	–	(120.0)
Trade and other payables	(108.7)	(84.6)	(0.5)	(193.8)
Lease liabilities	(258.2)	(138.6)	(13.6)	(410.4)
Total financial liabilities	**(486.9)**	**(223.2)**	**(14.1)**	**(724.2)**

	1 May 2022			
	Sterling £m	US Dollar £m	Other £m	Total £m
FINANCIAL ASSETS				
Trade and other receivables	9.4	7.2	–	16.6
Cash and cash equivalents	76.1	27.7	2.1	105.9
Total financial assets	**85.5**	**34.9**	**2.1**	**122.5**
FINANCIAL LIABILITIES				
Term Loan	(118.6)	–	–	(118.6)
Trade and other payables	(93.9)	(80.4)	–	(174.3)
Lease liabilities	(217.2)	(121.3)	(2.1)	(340.6)
Total financial liabilities	**(429.7)**	**(201.7)**	**(2.1)**	**(633.5)**

Currency risk sensitivity

The following table demonstrates the sensitivity to a change in the US Dollar exchange rate, with all other variables held constant, and the impact upon the Group's profit after tax assuming that none of the US Dollar exposures are used as hedging instruments. Sensitivities have not been performed for any other currencies as the Group has no significant exposure in any other currency.

	(Increase)/decrease in rate	Effect on profit after tax 52 week period ended 30 April 2023 £m	Effect on profit after tax 52 week period ended 1 May 2022 £m
US Dollar	(5%)	(2.3)	(1.5)
US Dollar	5%	2.5	1.6

Capital risk

The capital structure of the Group consists of debt, as analysed in note 18, and equity attributable to the equity holders of the Parent Company, comprising issued capital reserves and retained earnings as shown in the Consolidated Statement of Changes in Equity. The Group manages its capital with the objective that all entities within the Group continue as going concerns while maintaining an efficient structure to minimise the cost of capital.

The Directors carefully monitor the Group's long-term borrowings including the ability to service debt and long-term forecast covenant compliance.

The Group takes a disciplined approach to capital allocation with the objective to deliver long-term sustainable earnings growth whilst retaining financial capability to invest in developing our business and to execute our strategic priorities. The Group is well positioned to continue investing in elevating and expanding its existing showroom portfolio and to make complementary acquisitions which meet strict investment criteria and advance the Group's strategic objectives.

23. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Total compensation of key management personnel in the period to 30 April 2023 amounted to £2.8m (2022: £3.6m).

Compensation includes salaries and other short-term employee benefits, post-employment benefits and other long-term benefits. Key management are eligible to receive discounts on goods purchased from the Group's trading companies. Such discounts are in line with discounts offered to all staff employed by Group companies. In addition to their salaries, the Group also contributes to post-employment defined contribution plans.

Key management are those individuals who have authority and responsibility for planning, directing and controlling the activities of the Group.

	52 week period ended 30 April 2023 £m	52 week period ended 1 May 2022 £m
Short-term employment benefits	1.7	1.8
Share-based payments	1.1	1.8
Total	**2.8**	**3.6**

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.

24. BUSINESS COMBINATIONS

Bernie Robbins Jewelers, Inc.

On 22 June 2022, the Group acquired the trade and assets of one showroom from Bernie Robbins Jewelers, Inc. for a cash consideration of £21.2 million. Goodwill recognised relates to future cash flows from the showroom, and the acquisition further advances the US expansion strategy.

The business contributed revenue of £10.5m from the 22 June 2022 acquisition date to 30 April 2023.

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

	£m
Total cash consideration	**21.2**

Initial assessment of values on acquisition

Inventories	3.1
Trade and other payables	(0.1)
Right-of-use assets	1.9
Lease liabilities	(1.9)
Total identifiable net assets	**3.0**
Goodwill	18.2
Total assets acquired	**21.2**

An amount of £0.7 million is held with a third party on retention. This will be paid by the Group within 12 months of the acquisition date. The values stated above are the initial assessment of the fair values of assets and liabilities on acquisition. These will be finalised in H1 FY24.

The contribution to revenue and profit before tax, if this business combination had occurred on the first day of the period, and since the acquisition date, is not material to the results of the Group and therefore has not been disclosed separately.

Acquisition-related costs have been charged to exceptional items in the Consolidated Income Statement for the 52-week period ended 30 April 2023, as disclosed in note 4 to these Financial Statements.

Acquisitions completed in the 52-week period to 1 May 2022

During the prior period the Group acquired the trade and assets of a number of showrooms in the US. On 2 September 2021, the Group acquired the trade and assets of one showroom from Ben Bridge Jeweler Inc. ('Ben Bridge'). On 15 October 2021, the Group acquired the trade and assets of one showroom from Timeless Watch Exchange LLC. ('Timeless'). On 1 December 2021, the Group acquired the trade and assets of three showrooms from Betteridge Jewelers, Inc., Gotthelfs Acquisition Corp., and Vail Village Jewelers, Inc. ('Betteridge').

	Ben Bridge and Timeless £m	Betteridge £m	Total £m
Total cash consideration	**9.2**	**39.1**	**48.3**

Final assessment of values on acquisition

	Ben Bridge and Timeless £m	Betteridge £m	Total £m
Inventories	3.3	13.0	16.3
Property, plant and equipment	0.3	2.5	2.8
Trade and other receivables	–	2.9	2.9
Trade and other payables	(0.2)	(2.4)	(2.6)
Right-of-use assets	1.7	5.4	7.1
Lease liabilities	(1.7)	(5.4)	(7.1)
Total identifiable net assets	**3.4**	**16.0**	**19.4**
Brand	–	2.2	2.2
Goodwill	5.8	20.9	26.7
Total assets acquired	**9.2**	**39.1**	**48.3**

In the prior 52-week period ended 1 May 2022, the businesses contributed revenue of £32.5m from the date of acquisition to 1 May 2022 and contributed a net profit of £5.7m. If the combinations had taken place at the beginning of FY22, the Group's revenue from continuing operations would have been £1,285.0m and the profit before tax would have been £133.7m.

During the 52-week period to 30 April 2023, the fair value of assessment of the above entities was completed. The net impact was a reduction in inventory and deferred tax asset, with the corresponding entry to the goodwill balance. All adjustments are not material at an individual line level. The assessment of values on acquisition is now final, and consideration held on retention at the end of the prior period has been settled.

25. CONTINGENT LIABILITIES

There are a number of contingent liabilities that arise in the normal course of business, which if realised, are not expected to result in a material liability to the Group.

26. POST-BALANCE SHEET EVENTS

On 9 May 2023 the Group signed a new five-year £225.0 million multicurrency revolving loan facility with lenders. The existing facilities were repaid and extinguished on this date. Further detail can be found in note 18.

No further post-balance sheet events have been identified.

COMPANY BALANCE SHEET

	Note	30 April 2023 £m	1 May 2022 £m
FIXED ASSETS			
Investments	C2	471.9	471.9
CURRENT ASSETS			
Debtors: amounts falling due within one year	C3	1.4	2.7
Cash at bank and in hand		0.4	0.3
		1.8	**3.0**
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	C4	(0.8)	(6.7)
Net current liabilities		**1.0**	**(3.7)**
Net assets		**472.9**	**468.2**
EQUITY			
Share capital	C6	3.0	3.0
Share premium	C6	147.1	147.1
Other reserves	C6	(18.4)	(6.7)
Retained earnings		341.2	324.8
Total equity		**472.9**	**468.2**

The Company's profit after tax was £15.7m (2022: profit of £2.2m). The profit in year is a result of a dividend received which allowed repayment of management recharges from subsidiary entities, and enabled the purchase of own shares.

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: 12 July 2023

The notes on pages 226 to 229 form part of these Financial Statements.

Company number: 11838443

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity attributable to owners £m
Balance at 2 May 2021	**3.0**	**147.1**	**–**	**319.7**	**469.8**
Profit for the financial period	–	–	–	2.2	2.2
Purchase of own shares	–	–	(6.7)	–	(6.7)
Share-based payments	–	–	–	2.9	2.9
Balance at 1 May 2022	**3.0**	**147.1**	**(6.7)**	**324.8**	**468.2**
Profit for the financial period	–	–	–	15.7	15.7
Purchase of own shares	–	–	(14.5)	–	(14.5)
Share-based payments charge	–	–	–	3.5	3.5
Share-based payments	–	–	2.8	(2.8)	–
Balance at 30 April 2023	**3.0**	**147.1**	**(18.4)**	**341.2**	**472.9**

During the period the Company purchased £14.5m of own shares to satisfy employee share incentive schemes. The shares were purchased by an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach, which in substance, accounts for the Trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity. For further detail refer to note C6.

C1. GENERAL INFORMATION

Watches of Switzerland Group PLC (the 'Company') is a public limited company, limited by shares, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The registered number is 11838443 and the address of the registered office is Aurum House, 2 Elland Road, Braunstone, Leicester, LE3 1TT.

These Financial Statements present information about the Company as an individual undertaking and not about its Group.

The Financial Statements of Watches of Switzerland Group PLC have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

The Financial Statements are presented in Pounds Sterling (£), which is the Group's presentational currency, and are shown in £millions to one decimal place.

Accounting policies

The accounting policies set out in the notes below have been applied in preparing the Financial Statements for the 52-week period ended 30 April 2023 and the comparative information presented in these Financial Statements for the 52-week period ended 1 May 2022.

The Company is included within the Consolidated Financial Statements of Watches of Switzerland Group PLC. The Consolidated Financial Statements of Watches of Switzerland Group PLC are prepared in accordance with IFRS and are publicly available. In these Financial Statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

– Reconciliation of the number of shares outstanding from the beginning to end of the period

– The requirement to prepare a statement of cash flows

– Certain disclosures in relation to share-based payments

– Key Management Personnel compensation

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the Company is not presented as part of the Financial Statements.

The Company's accounting policies are the same as those set out in note 1 of the Consolidated Financial Statements, except as noted below.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Impairment

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any impairment loss arises, the asset is adjusted to its estimated recoverable amount and the difference is recognised in the Income Statement.

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Share-based payments

Some employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The fair value of the equity-settled awards is calculated at grant date using a Black-Scholes model. The resulting cost is charged in the Income Statement over the vesting period of the option or award and is regularly reviewed and adjusted for the expected and actual number of options or awards vesting. This applies to LTIP Awards, Deferred Share Bonus Schemes, Save as You Earn Awards, and Free Share Awards.

Service and non-service performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions that have not been met.

The social security contributions payable in connection with the grant of the share options is determined at each balance sheet date as a liability with the total cost recognised in the Income Statement over the vesting period.

Own shares held

Own shares represent the shares of Watches of Switzerland Group PLC that are held in an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach which, in substance, accounts for the Trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

Financial risk management

The Company's financial risk is managed as part of the Group's strategy and policies as discussed in note 22 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 23 in the Group Financial Statements for Key Management Personnel compensation.

External Auditor's remuneration

The remuneration paid to the External Auditor in relation to the audit of the Company is disclosed in note 5 of the Consolidated Financial Statements. The fees for the audit of the Company's Financial Statements are borne by a subsidiary of the Company and are not recharged.

C2. FIXED ASSET INVESTMENTS

The Company had the following subsidiaries as at 30 April 2023:

Entity	Principal activity	Country of incorporation	Registered office	Type of share held by the Group	Proportion of ordinary shares held by Group companies
Jewel UK Midco Limited*	Intermediate holding company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Jewel UK Bidco Limited	Intermediate holding company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Watches of Switzerland Operations Limited	Intermediate holding company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Aurum Acquisitions Limited	Intermediate holding company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Watches of Switzerland Company Limited	Retailer	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Goldsmiths Finance Limited	Non-trading	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Mappin & Webb Limited	Trading	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Goldsmiths Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
WoS Dormant 1 Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
WoS Dormant 2 Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Aurum Insurance (Guernsey) Limited**	Captive insurance company	Guernsey	Heritage Hall, Le Marchant Street, St Peter Port, Guernsey GY1 4JH	Ordinary	100%
Watches of Switzerland Limited	Dormant	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary & Redeemable preference	100%
Aurum Pension Trustees Limited	Pension trustee company	England and Wales	Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT	Ordinary	100%
Watches of Switzerland Group USA Inc	Holding company	USA	3340 NW 53rd Street, Suite 402, Fort Lauderdale, Florida 33309	Ordinary	100%
Watches of Switzerland (Nevada) LLC	Retailer	USA	3340 NW 53rd Street, Suite 402, Fort Lauderdale, Florida 33309	Ordinary	100%
Watches of Switzerland Retailer (A/S) LLC	Retailer	USA	3340 NW 53rd Street, Suite 402, Fort Lauderdale, Florida 33309	Ordinary	100%
Watches of Switzerland LLC	Retailer	USA	3340 NW 53rd Street, Suite 402, Fort Lauderdale, Florida 33309	Ordinary	100%
Watches of Switzerland (A/S) LLC	Retailer	USA	3340 NW 53rd Street, Suite 402, Fort Lauderdale, Florida 33309	Ordinary	100%
Mayors Jewellers LLC	Retailer	USA	3340 NW 53rd Street, Suite 402, Fort Lauderdale, Florida 33309	Ordinary	100%
Mayors Jewellers Florida LLC	Retailer	USA	3340 NW 53rd Street, Suite 402, Fort Lauderdale, Florida 33309	Ordinary	100%
Watches 60 Greene Inc.	Retailer	USA	3340 NW 53rd Street, Suite 402, Fort Lauderdale, Florida 33309	Ordinary	100%
WOSG (Ireland) Limited	Retailer	Ireland	Suite 3, One Earlsfort Centre, Lower Hatch Street, Dublin 2, D02 X288, Ireland	Ordinary	100%
Watches of Switzerland Group (Denmark) Aps	Retailer	Denmark	Store Kongensgade 68, 1264 København K, Denmark	Ordinary	100%
Watches of Switzerland Group (Sweden) AB	Retailer	Sweden	Grey Advokatbyra AB Birger Jarlsgatan 14, Stockholm, 114 34, Sweden	Ordinary	100%
Watches of Switzerland Group (Netherlands) BV	Non-trading	Netherlands	Herikerbergweg 88, 1101CM, Amsterdam, Netherlands	Ordinary	100%
Watches of Switzerland Group (Finland) OY	Dormant	Finland	Oy Vanha Kaarelantie 33 A 01610, Vantaa, Finland	Ordinary	100%
Watches of Switzerland Group (Norway) AS	Non-trading	Norway	Nydalsveien 28 0484, Oslo, Norway	Ordinary	100%
WOSG (Germany) GmbH	Non-trading	Germany	Maximiliansplatz 17, 80333, Munchen, Germany	Ordinary	100%

* Investment in Jewel UK Midco is directly held. All other investments are indirectly held.

** Results of this company are fully taxable in the UK as a controlled foreign company.

C2. FIXED ASSET INVESTMENTS (CONTINUED)

All subsidiary undertakings are included in the Consolidated Financial Statements. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held.

Investment in subsidiaries at the period end was as follows:

	30 April 2023 £m	1 May 2022 £m
Investment in subsidiaries	**471.9**	471.9

Investments in Company undertakings are recorded at cost, which is the fair value of the consideration paid.

C3. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 April 2023 £m	1 May 2022 £m
Amounts owed by Group undertakings	**1.4**	2.7

Amounts owed by Group undertakings are unsecured and repayable on-demand.

C4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 April 2023 £m	1 May 2022 £m
Amounts owed to Group undertakings	(0.8)	–
Other creditors	–	(6.7)
	(0.8)	**(6.7)**

Amounts owed to Group undertakings are unsecured and repayable on-demand.

C5. FINANCIAL INSTRUMENTS

	30 April 2023 £m	1 May 2022 £m
FINANCIAL ASSETS – HELD AT AMORTISED COST		
Amounts owed by Group undertakings	1.4	2.7
Cash at bank and in hand	0.4	0.3
	1.8	**3.0**
FINANCIAL LIABILITIES – HELD AT AMORTISED COST		
Amounts owed to Group undertakings	(0.8)	–
Other creditors	–	(6.7)
	(0.8)	**(6.7)**

C6. EQUITY

On 30 May 2019, the Company was re-registered as a public limited company under the Companies Act 2006. On 4 June 2019, the Company was admitted for listing on the London Stock Exchange. The Company issued 57,455,554 shares for £2.70 each with a nominal value of 1.25p recognising additional share capital of £718,000 and share premium of £154,412,000.

	Nominal value £	Shares	Share capital £m	Share premium £m	Other reserves £m
As at 1 May 2022	**0.0125**	**239,570,297**	**3.0**	**147.1**	**(6.7)**
Purchase of own shares	–	–	–	–	(14.5)
Allocation of own shares	–	–	–	–	2.8
As at 30 April 2023	**0.0125**	**239,570,297**	**3.0**	**147.1**	**(18.4)**

Share capital

239,570,297 ordinary shares of £0.0125 nominal value.

Share premium account

This reserve represents the amount of proceeds received for shares in excess of their nominal value of £0.0125 per share.

Other reserves

During the period the Group purchased £14.5m of own shares to satisfy employee share incentive schemes. The shares were purchased by an Employee Benefit Trust which has been set up for this purpose. The Company adopts a 'look-through' approach, which in substance, accounts for the Trust as an extension of the Company. Own shares are recorded at cost and are deducted from equity.

C7. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions under FRS 102.33 'Related Party Transactions' for wholly owned subsidiaries not to disclose intra-group transactions.

C8. SHARE-BASED PAYMENTS

Details of the Company's share-based payments are disclosed within note 21 in the Consolidated Financial Statements.

C9. CONTINGENT LIABILITIES

At the date of signing the accounts, the Company has provided cross guarantee arrangements to Barclays Bank PLC, BNP Paribas London Branch, Citibank N.A. London Branch, Fifth Third Bank National Association, HSBC UK Bank PLC, Lloyds Bank PLC, National Westminster Bank PLC and Northern Bank Limited Trading as Danske Bank in respect of the obligations of certain fellow subsidiary undertakings in relation to the £225m multicurrency revolving loan facility.

GLOSSARY

ALTERNATIVE PERFORMANCE MEASURES

The Directors use Alternative Performance Measures (APMs) as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for performance analysis. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs. These measures are not intended to be a substitute for, or superior to, IFRS measures.

The majority of the Group's APMs are on a pre-IFRS 16 basis. This aligns with the management reporting used to inform business decisions, investment appraisals, incentive schemes and banking covenants.

4-Wall EBITDA

Net margin less showroom costs.

Why used

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

Reconciliation to IFRS measures

£million	FY23	FY22
Revenue	1,542.8	1,238.0
Cost of inventory expensed	(972.2)	(774.4)
Other inc. supplier incentives	5.7	7.0
Net margin	**576.3**	**470.6**
Showroom costs	(279.2)	(226.7)
4-Wall EBITDA	**297.1**	**243.9**

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

Adjusted Earnings Before Interest and Tax (Adjusted EBIT)

Operating profit before exceptional items and IFRS 16 impact.

Why used

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

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

Reconciliation to IFRS measures

Reconciled in note 2 to the Consolidated Financial Statements.

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

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

Why used

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

Reconciliation to IFRS measures

Reconciled in note 2 of the Consolidated Financial Statements.

Adjusted Earnings Per Share (Adjusted EPS)

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

Why used

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

Reconciliation to IFRS measures

Reconciled within note 9 of the Consolidated Financial Statements.

Adjusted profit before tax (Adjusted PBT)

Profit before tax before exceptional items and IFRS 16 impact.

Why used

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

Reconciliation to IFRS measure

£million	FY23	FY22
Segment profit (as reconciled in note 2 of the Financial Statements)	165.1	130.3
Net finance costs	(23.1)	(15.9)
IFRS 16 lease interest	17.2	12.2
Adjusted profit before tax	**159.2**	**126.6**

Average selling price (ASP)

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

Why used

Measure of sales performance.

Reconciliation to IFRS measures

Not applicable.

Constant currency basis

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

Why used

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

Reconciliation

	(£/US$ million)
FY23 Group Revenue (£)	1,542.8
FY23 US Revenue ($)	785.4
FY23 US Revenue (£) @ FY23 Exchange rate	652.9
FY23 US Revenue (£) @ FY22 Exchange rate	581.4
FY23 Group Revenue (£) at Constant currency	**1,471.3**
FY23 Exchange rate	£1 : $1.203
FY22 Exchange rate	£1: $1.351

Exceptional items

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

Why used

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

Reconciliation to IFRS measures

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

Net (debt)/cash

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

Why used

Measures the Group's indebtedness.

Reconciliation to IFRS measures

Reconciled in note 18 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	FY23	FY22
Net increase in cash and cash equivalents	31.2	26.5
Net financing cash flow	85.2	55.7
Net interest paid	(4.7)	(2.7)
Lease payments (IFRS 16)	(59.2)	(53.0)
Acquisition of business combinations	24.9	44.1
Exceptional costs – legal expenses on business acquisitions	0.9	0.5
Expansionary capex	67.5	41.0
Free cash flow	**145.8**	**112.1**

Free cash flow conversion

Free cash flow divided by Adjusted EBITDA.

Why used

Measurement of the Group's ability to convert profit into free cash flow.

Reconciliation to IFRS measures

Free cash flow of £145.8 million divided by Adjusted EBITDA of £201.4 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 showroom or overhead costs.

Reconciliation to IFRS measures

Refer to 4-Wall EBITDA.

Return on Capital Employed (ROCE)

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

Why used

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

Reconciliation to IFRS measures

Adjusted EBIT of £165.1m divided by the average capital employed, which is calculated as follows:

£million	FY23	FY22
Pre-IFRS 16 total assets	882.6	741.3
Pre-IFRS 16 current liabilities	(231.6)	(209.4)
Capital employed	651.0	531.9
Average capital employed	**591.4**	**475.9**

OTHER DEFINITIONS

Expansionary capital expenditure/capex

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

Luxury watches

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

Luxury jewellery

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

Showroom maintenance capital expenditure/capex

Capital expenditure which is not considered expansionary.

IFRS 16 Adjustments

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

FY23 Consolidated Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	**1,542.8**	**–**	**–**	**1,542.8**
Net margin	**576.3**	**–**	**–**	**576.3**
Showroom costs	(279.2)	56.2	–	(223.0)
4-Wall EBITDA	**297.1**	**56.2**	**–**	**353.3**
Overheads	(84.1)	–	(0.9)	(85.0)
EBITDA	**213.0**	**56.2**	**(0.9)**	**268.3**
Showroom opening and closing costs	(11.6)	7.1	–	(4.5)
Adjusted EBITDA	**201.4**	**63.3**	**(0.9)**	**263.8**
Depreciation, amortisation, loss on disposal, impairment of fixed assets and lease modifications	(36.3)	(49.6)	0.7	(85.2)
Adjusted EBIT (Segment profit)	**165.1**	**13.7**	**(0.2)**	**178.6**
Net finance costs	(5.9)	(17.2)	(0.7)	(23.8)
Adjusted profit before tax	**159.2**	**(3.5)**	**(0.9)**	**154.8**
Adjusted basic Earnings Per Share	**52.7p**	**(1.2)p**	**(0.3)p**	**51.2p**

FY22 Consolidated Income Statement

£million	Pre-IFRS 16 and exceptional items	IFRS 16 adjustments	Exceptional items	Statutory
Revenue	**1,238.0**	**–**	**–**	**1,238.0**
Net margin	**470.6**	**–**	**–**	**470.6**
Showroom costs	(226.7)	47.2	–	(179.5)
4-Wall EBITDA	**243.9**	**47.2**	**–**	**291.1**
Overheads	(73.3)	–	(2.0)	(75.3)
EBITDA	**170.6**	**47.2**	**(2.0)**	**215.8**
Showroom opening and closing costs	(8.4)	5.6	–	(2.8)
Adjusted EBITDA	**162.2**	**52.8**	**(2.0)**	**213.0**
Depreciation, amortisation, loss on disposal, impairment of fixed assets and lease modifications	(31.9)	(39.4)	0.4	(70.9)
Adjusted EBIT (Segment profit)	**130.3**	**13.4**	**(1.6)**	**142.1**
Net finance costs	(3.7)	(12.2)	–	(15.9)
Adjusted profit before tax	**126.6**	**1.2**	**(1.6)**	**126.2**
Adjusted basic Earnings Per Share	**41.8p**	**0.8p**	**(0.4)p**	**42.2p**

FY23 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	200.4	–	200.4
Property, plant and equipment	159.9	(5.5)	154.4
IFRS 16 right-of-use assets	–	359.1	359.1
Inventories	356.0	–	356.0
Trade and other receivables	29.4	(9.6)	19.8
Trade and other payables	(259.0)	39.4	(219.6)
IFRS 16 lease liabilities	–	(410.4)	(410.4)
Net cash	16.4	–	16.4
Other	(15.3)	8.5	(6.8)
Net assets	**487.8**	**(18.5)**	**469.3**

FY22 Balance Sheet

£million	Pre-IFRS 16	IFRS 16 adjustments	Post-IFRS 16
Goodwill and intangibles	183.2	–	183.2
Property, plant and equipment	113.8	(1.3)	112.5
IFRS 16 right-of-use assets	–	293.6	293.6
Inventories	302.6	–	302.6
Trade and other receivables	31.1	(8.8)	22.3
Trade and other payables	(232.7)	31.3	(201.4)
IFRS 16 lease liabilities	–	(340.6)	(340.6)
Net debt	(14.1)	–	(14.1)
Other	(7.1)	10.3	3.2
Net assets	**376.8**	**(15.5)**	**361.3**

SHAREHOLDER INFORMATION FOR WATCHES OF SWITZERLAND GROUP PLC

COMPANY

Watches of Switzerland Group PLC

Registered office address

Aurum House, 2 Elland Road, Braunstone, Leicester LE3 1TT
Registered in England and Wales

Company Number: 11838443
VAT number: 834 8634 04

ADVISERS

Independent Auditor

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Corporate solicitors

Slaughter and May, One Bunhill Row, London, EC1Y 8YY

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

Jefferies International Limited, 100 Bishopsgate, London, EC2N 4JL

Financial PR

Headland PR Consultancy LLP, Cannon Green, 27 Bush Lane, London, EC4R 0AA

FINANCIAL CALENDAR

Q1 FY23 Trading Update:	10 August 2023
AGM:	31 August 2023
H1 FY23 Results:	December 2023
Q3 FY23 Trading Update:	February 2024
Financial year end:	April 2024

ANNUAL GENERAL MEETING

The AGM will be held at 3.30pm on Thursday 31 August 2023 at our offices at 36 North Row, London, W1K 6DH. The Notice of Meeting which accompanies this report and accounts sets out the business to be transacted.

SHAREHOLDING INFORMATION

Registrars

Please contact our Registrar Equiniti directly for all enquiries about your shareholding. Visit their website shareview.co.uk for online information about your shareholding. You will need your shareholder reference number which can be found on your share certificate or telephone the Registrar direct on +44 (0)371 384 2577. The overseas shareholder helpline number is +44 (0)371 384 2577. Lines are open 8.30am to 5.30pm Monday to Friday.

For more information see thewosgroupplc.com/investors/shareholder-contacts.

FORWARD LOOKING STATEMENTS

Cautionary statement: The Annual Report and Accounts contains certain forward looking statements with respect to the operations, performance and financial conditions of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward looking statements reflect knowledge and information available at the date of preparation of this Annual Report and Accounts and the Company undertakes no obligation to update these forward looking statements. Nothing in this Annual Report and Accounts should be construed as a profit forecast. Certain regulatory performance data contained in this Annual Report and Accounts is subject to regulatory audit.

TERMS USED IN THIS REPORT

The term 'Group' means Watches of Switzerland Group PLC (Company registration number 11838443) and its subsidiaries.

ONLINE ANNUAL REPORT

Our Annual Report and Accounts is available online. View or download the full Annual Report and Accounts from: thewosgroupplc.com/investors/results-centre.

WARNING TO SHAREHOLDERS

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.

NOTES

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